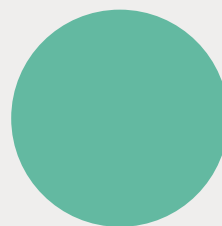




Where the  
world comes  
to play

migme Limited  
ANNUAL REPORT 2014  
ABN 43 059 457 279



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# Corporate Directory

## Directors

**Howard Dawson**  
Non Executive Chairman

**Steven Goh**  
Executive Director and CEO

**Yen-Chang (Charles) Pan**  
Executive Director

**Andi Zain**  
Non Executive Director

**Dmitry Levit**  
Non Executive Director

**John Lee**  
Non Executive Director

**Yichin Lee**  
Non Executive Director

**Stephen Llanwarne**  
Non Executive Director

## Officers

**Mike Higginson**  
Company Secretary

**Patrick Wong**  
Chief Financial Officer

## Stock Exchange Listing

Australian Securities Exchange: (ASX: MIG)  
Deutsche Börse: (WKN: A117AB)

## Registered Office

**migme Limited**  
13 / 36 Johnson Street,  
Guildford, WA 6055  
Australia

**Auditor**  
Stantons International  
Level 2, 1 Walker Avenue,  
West Perth WA 6005  
Australia  
Phone: +61 8 9481 3188  
Fax: +61 8 9321 1204

**Legal Counsel**  
Baker McKenzie  
Level 27, A.M.P. Centre,  
50 Bridge Street,  
Sydney, N.S.W 2000  
Australia  
Phone: +61 2 9225 0200  
Fax: +61 2 9225 1595

**Tax Advisor**  
PKF Mack  
4th Floor, 35 Havelock Street,  
West Perth WA 6005  
Australia  
Phone: +61 8 9426 8999  
Fax: +61 8 9426 8900

**Share Registry**  
Advanced Share Registry  
110 Stirling Hwy,  
Nedlands WA 6009  
Australia  
Phone: +61 8 9389 8033  
Fax: +61 8 9262 3723

# About migme

migme Limited is a digital media group focussed on emerging markets. The company is headquartered in Singapore and listed on the Australian Securities Exchange (ASX) 11 August, 2014.

The migme platform features chat, chatrooms, virtual gifts, avatars, games, microblogging, social entertainment and ecommerce for mobile devices and the web – with monetisation tools applicable for emerging markets.

The company is listed and registered in Australia. Headquarters are in Singapore with offices in Malaysia, Indonesia, Taiwan and Hong Kong.

For more information, please visit  
<http://company.mig.me>

## Portfolio



**migme**  
Social networking and entertainment platform for emerging markets. Headquartered in Singapore, with offices in Malaysia, Indonesia, Taiwan and representation in South Asia.

[www.mig.me](http://www.mig.me)



**alivenotdead**  
Artist and social media community. Headquartered in Hong Kong.

[www.alivenotdead.com](http://www.alivenotdead.com)



**LoveByte**  
Couple's app (social), avatar app and virtual gifts creator / provider. Headquartered in Singapore.

[www.lovebyte.us](http://www.lovebyte.us)



**Sold.sg**  
Pay to bid e-commerce business operating in Singapore, being progressively rolled out throughout the group.

[www.sold.sg](http://www.sold.sg)

# Chairman's Letter

Dear fellow shareholders,

The 2014 calendar year was one of two halves for migme Limited. During the first six months of the year the Company was largely pre-occupied with the preparation for its proposed listing on the Australian Securities Exchange (ASX), which successfully occurred on 11 August 2014.

During the two months leading up to this listing, the Company began the process of gearing itself up for expansion and was pleased to report the placement of 19.9% of the Company to FIH Mobile Limited, which is part of the Foxconn Technology Group.

It was a significant achievement for migme to secure the Foxconn Technology Group as a cornerstone investor and this immediately provided the Company with the impetus and capital for its planned expansion, into a significant social media and entertainment company for emerging markets.

Following the listing the Company was able to re-focus to the business at hand which was to ready itself for growth. This process included the recruitment of additional key personnel, the establishment of additional regional offices and the implementation of key marketing campaigns to grow the monthly active users to over 10 million by year-end.

I am pleased to report that by year-end all three objectives have been achieved. Consequently as we enter 2015, the Company, through the efforts of our CEO Steven Goh, his experienced management team and our committed staff, is poised to enter the next stage of its development. This will naturally be the continued growth in user numbers and reach of our social entertainment platform, and also the monetising of migme's growing customer base.

I would like to thank my fellow board members for their excellent service over the past year and through the efforts of Steven and his team, we all look forward to reporting very positive results for the 2015 calendar year.

**Howard Dawson**  
Chairman

# CEO Report – Steven Goh



## Introduction

It's 2015 and Facebook, Tencent and Twitter are no longer buzzwords – they're household utilities and brands, as ubiquitous as GE or McDonald's. The mobile Internet revolution that erupted last decade continues to change our lives as dramatically today as it did when it started. While mobile data is typically seen as a commodity of the developed world, its power to transform lives and economies is most evident in newly industrialising markets. Equally formidable is the emergence of digital communities that have created new spaces for social interaction and the political leverage needed to form new power structures. Right now, Migma Limited has a unique window of opportunity to create shareholder value and meet the exploding demand for mobile social experiences in these market segments. Our opportunity lies not only in our technology but also in our deep domain knowledge as locals in our most active markets.

Mobile Internet is considered to be the second major wave of the Internet revolution, ridden by disruptors such as Instagram, Whatsapp and Uber (the first wave was shaped by what we now know as the "web" and belonged to brands like Yahoo!, Amazon and Ebay). Mobile Internet only meaningfully hit mass markets for first world users with the advent of Apple's iPhone in 2007; the subsequent history of the technology was marked by the decline of Blackberry phones and now the rise of Android.

Conventional commentaries on mobile Internet, however, often overlook the rise of Internet trends in East Asia. China's Internet ecosystem—which emerged out of the first dotcom boom and produced contemporary giants such as Tencent, Alibaba and Baidu—has not only developed a unique cluster of Internet products and applications but also a distinct pattern of content consumption, community formation and mass user behavior.

It is China's mobile Internet experience and the proliferation of low cost Android handsets out of this country that are shaping the mobile consumer behavior in markets such as Indonesia, South Asia and Africa. Again, Migma's established positions in these countries and our deep partnerships with Chinese mobile players create a unique opportunity for us to ride the new wave of growth in these markets.

In this regard, 2014 was a watershed year for Migma in which we struck major milestones that will help us secure a host of breathtaking opportunities in 2015 and beyond.



#### 1999 - 1st World



~700m people



The person you are



Mobile + Broadband



Facebook, Twitter, others



Advertising Markets



#### 2003 - East Asia



~1.5bn people



The person you want to be



Mobile + Broadband



Tencent, DAUM, GREE, others



Premium activities / gaming



#### 2010 - Rest of the world



~3.5bn people



The person you want to be



Mobile



?



Premium activities / gaming

#### Year In Review

The year 2014 marked a new beginning for the company, which included the merger between Project Goth Inc. (as the holding company with operating businesses in mig33, migme and alivenotdead) and Latin Gold Limited. The new migme Limited debuted on the ASX on 11 August 2014 with over 5 million monthly active users ("MAU"). The transaction also welcomed a new cornerstone shareholder, FIH Mobile Limited (part of Foxconn Technology Group).

New investment in product development and talent across our key markets helped us more than double our monthly active user base to more than 10 million by the end of December 2014. We also established large growth partnerships with key handset and entertainment companies in Indonesia and completed several complementary acquisitions and investments in the region.

Importantly, the enhancements in our product, new audience development strategies and hundreds of new celebrity partnerships have helped improve our content offerings and social experiences. Our priorities have been platform build out, establishing growth momentum, scaling up audience activities, and improving marketing presence and infrastructure. New market development offices in Indonesia and Taiwan have grown our engagement and engineering capabilities, respectively.

We have opened doors with handset pre-installations in Indonesia, relationships with media groups such as Universal Music, Sony Music and many others, along with the commencement of games and added applications to our platform.

We have made progress with alivenotdead, the integration of games and added the acquisition of LoveByte, as a couples app, to also improve our avatar play system. All these activities are additive to the group in reaching communities that uniquely create market audiences for premium activities and ultimately revenue.

The next 1 billion Internet users will be driven by the emergence of low cost Android phones, and what the Internet will mean for them is as different to the last 2 billion, as it was different for East Asia compared to the first world model. migme is positioned to be a winner in this ground shift and we are focussed on blue ocean markets (including Indonesia, South Asia and the Philippines).



## Finance

For mig, continued growth in our user base, richer media experiences and community engagement provide the necessary precursor to monetisation. This requires significant investment in our talent, systems and processes. The financial results for 2014 include considerable one-time activity for the preparation and merger into migme Limited, as well as for the development and expansion of the operations and market growth activities. After these activities, we completed 2014 within expectations ending the year with cash reserves of \$5.926m (\$374k prior year). Coming out of the merger in 2014, we set our focus on market and operational expansion activities, which would directly contribute to growth in users and engagement. The growth targets that we achieved in 2014 create a pathway for expected revenue growth in 2015.

## Looking Ahead

It's an exciting time for the Company and we thank our users, partners and shareholders for their continued support. The migme team is very focused on our objectives and we welcome new shareholders to share our vision too.

We are excited about the pace of user growth and look forward to acceleration during 2015. This means identifying, nurturing and focusing on repeatable processes both globally as a platform and in-country as we connect to local ecosystems (handsets and telecoms, artists and media, applications and games, communities, and payment infrastructure).

We also look forward to ensuring the rate of monetizing users to monthly active users improve, through in-product marketing and laying out payment infrastructure. In the long-term and barring business risks, we believe that the combination of all of the above will deliver a company that parallels similar businesses found in East Asia and delivers the returns that our shareholders expect.

## Steven Goh

Chief Executive Officer

### ***migme is a place.***

*Where you can be who you want to be (not who you necessarily are).*

### ***Thin social network.***

*With chat, miniblog and a lightweight identity model.*

### ***Premium items.***

*Such as virtual gifts, stickers, avatars and premium, playful interactions.*

### ***Family of applications and communities.***

*Connected to migme are:*

- alivenotdead
- Lovebyte
- Sold.sg
- many others

### ***We're building shareholder value and footprint by:***

- Monthly Active Users (MAU)
- Monthly Paying Users (MPU)
- Average Revenue Per Paying User (ARPPU).

*This business model is followed by Tencent, DAUM and many other East Asian TMT businesses, but we're applying this to a larger international footprint.*





455



22.3k



58k

# Case Study: @cintaramlan

In late March 2015, popular singer and verified mig artist Cinta Ramlan's brother passed away. Cinta announced the news only on mig and not on any other social media platform. She garnered much support and fan engagement on mig over the subsequent fortnight. She wrote a song dedication, interacted with her fan base that she's built on mig, exchanged tens of thousands of virtual gifts, saw posts in mig shared to other social media and her news helped to draw in tens of thousands of new users from other social media platforms, to mig.

## Timeline



Cinta Ramlan announces news of the passing of her brother Iwan on mig.



1

Cinta shares images of her laying flowers for her brother. This post was shared by mig users to other social media platforms 236 times, which brought in 22, 724 visits to the post alone.



2

Cinta receives 37,980 virtual gifts from mig users and directly interacts with those that have commented or gifted with her.



3

Cinta shares a photo of herself on the way to a performance, despite her grief.



4

Cinta announces a song dedication to her brother and releases a new music video for the song, in mig.



5

# Directors and Officers



## Mr. Howard Dawson

Howard Dawson was appointed to the Board in December 2003. Mr Dawson had an 11 year career as a geologist before entering the securities industry as a research analyst in 1987. Over the subsequent 20 years he fulfilled a number of complimentary roles within the securities industry including research, corporate advisory, business development and management for firms including Hartley Poynton, McIntosh Securities, Merrill Lynch and ABN AMRO Morgan's Limited.

## Mr. Steven Goh

Steven is the CEO and co-founder of migme, founded in Australia, built up in Silicon Valley with top tier venture capitalists and then moved to Singapore. He has extensive experience in developing and commercialising compelling internet services for consumers & fundraising. Over the past 20 years, Steven also founded Sanford Securities (Australia's first online stockbroking company and a leader in its time), established Bell Direct (one of Australia's largest online wealth management companies), advised a number of Start-ups, been involved with a number of Incubators and been involved with many other organisations (ranging from stock exchanges, investment banks, to consumer internet businesses) throughout Australia, USA, Europe and Asia.

Steven began his career at the age of 7, programming Fortran at UWA's Maths Department courtesy of his father who lectured there. After finishing University in 1990, he worked in Chartered Accounting and then Stockbroking before founding Sanford in 1996. He maintains an avid interest in a range of computing languages and systems architecture. A consequence of his professional experience, he has also been involved in a few hundred capital issues and transactions for several hundred million dollars, including raising over US\$50m for companies that he himself has founded and led.

Steven was awarded an inaugural WA Business News "40 under 40" Award in 2002 and he was a finalist in Ernst & Young's Entrepreneur of the Year Awards in Australia's Western Region. He has extensive private and public board experience, is a frequent speaker at conferences in Silicon Valley, Europe, Asia, Australia and has appeared on CNBC, Financial Times, The Economist and Bloomberg.

## Mr. Yen Chang (Charles) Pan

Mr Pan has had an 18 year business career and is currently the special assistant to the Chairman and Chief Investment Director of FIH Mobile, part of the Hon Hai Group which is the leading global manufacturing service provider in the 3C (computer, communication and consumer electronics) industries.

Prior to joining FIH Mobile, Mr Pan was General Manager between 2008 and 2012 of Orange Capital, part of France Telecom. Mr Yen-Chang has a Master of Business from the University of California and is currently based in Shenzhen, China.

## Mr. Dmitry Levit

Mr Levit has a Master in Science in International Management from St Petersburg State University in Russia and a MBA from INSEAD in Singapore. He is a partner of Digital Media Partners which is a venture capital firm within the technology sector. He has extensive experience in the emerging markets internet space and has previously held a variety of business development and investment roles with Yahoo and IDG Ventures in South East Asia.

## Mr. John Lee

Mr Lee holds a degree in Finance & Operations Management from the New York University Stern School of Business and a BA in Political Science from the University of Michigan. He is currently CEO of a mobile games platform company based in Singapore. He has previously had multiple executive roles in privately held and publicly listed games companies in both the United States and Asia. He also was a venture capitalist at Softbank Venture Capital and has had consulting roles with McKinsey & Company and Deloitte & Touche in their technology services divisions.

## Mr. Andi Zain

Mr Zain has a Bachelor of Business Administration from GS Fame, Indonesia and a Master of Business Administration and Post Graduate Diploma in International Finance & Law, both from Monash University in Victoria. He has 15 years' experience in building internet and mobile businesses in South East Asia and launched the first content provider and ringtone service in Indonesia. Mr Zain is a former board member of the publicly listed SkyBee Tbk (IDX:SKYB). Currently, he is a director of several technology based companies and runs Ideabox, a tech start up incubator in partnership with Indosat, a mobile carrier in Indonesia. Mr Zain is also a founder of MobileMonday Indonesia, a networking forum of 400 mobile centric companies in Indonesia.

## Dr. Yichin Lee

Dr Lee is currently managing partner of FCC Partners Inc. and was previously the Senior Advisor and Taiwan Chief Representative of Booz & Co. He was formerly CEO of GigaMedia Limited, a NASDAQ listed company and remains a Director of several NASDAQ listed companies. Dr Lee has over 20 years of strategy management and corporate experience across China and has a Master of Science and PhD from Stanford University.

## Mr. Stephen Llanwarne

Mr Llanwarne is a technology professional with over 30 years of commercial global experience across commercial systems, global investment banking and in the last 10 years, the mobile investment space. Mr Llanwarne has held senior roles with Deutsche Bank, Bankers Trust and Merrill Lynch in their technology divisions. Mr Llanwarne was also a founding partner and CIO of Zurich Capital Markets Asia. Mr Llanwarne received his Bachelor of Business in Information Technology from Curtin University in Perth, Western Australia.

## Mr. Mike Higginson (Company Secretary)

Mr Higginson is the holder of a Bachelor of Business Degree and was a Non-Executive Director for the period 31 August 2011 to 8 August 2014. Mr Higginson was appointed Company Secretary on 12 June 2009.

Mr Higginson was formerly an executive officer with the Australian Securities Exchange and has, over the last 27 years, held numerous company secretarial and directorship roles with a range of public listed companies both in Australia and the UK.

## Mr. Patrick Wong (Chief Financial Officer)

Mr Wong is migme's Chief Financial Officer and has over 20 years' experience working with start-up and mid-size companies. Mr Wong has also worked at KPMG and Idealab in Silicon Valley where he participated in venture financing and public financing. Prior to joining migme, Mr Wong was CFO of a US multinational training company where he oversaw a corporate restructuring and subsequent expansion in the Asia Pacific region. Revenues were doubled during his tenure. Mr Wong holds a BS in Business Administration from the University of Vermont.





## Directors' Report

The Directors present their report together with the consolidated financial statements of the consolidated group comprising migme Limited (formerly Latin Gold Limited) and its subsidiaries (collectively referred to as "migme Limited" or the "Group") for the year ended 31 December 2014 and the auditor's report thereon.

migme Limited has changed its year end from 30 June to 31 December following the merger of Project Goth, Inc. and Latin Gold Limited. Accordingly the information disclosed is for the 12 months ended 31 December 2014 and 31 December 2013, unless stated otherwise.

### Directors

Mr. Howard Dawson	Chairman
Mr. Steven Goh	Executive Director & CEO (appointed on 8 August 2014)
Mr. Yen Chang (Charles) Pan	Executive Director (appointed on 8 August 2014)
Mr. Dmitry Levit	Non-Executive Director (appointed on 8 August 2014)
Mr. Andi Zain	Non-Executive Director (appointed on 8 August 2014)
Mr. John Lee	Non-Executive Director (appointed on 8 August 2014)
Dr. Yichin Lee	Non-Executive Director (appointed on 8 August 2014)
Mr. John Macdonald	Non-Executive Director (resigned on 8 August 2014)
Mr. Jim Malone	Non-Executive Director (resigned on 28 January 2014)
Mr. Stephen Llanwarne	Non-Executive Director (appointed on 2 October 2014)
Ms. Chieh Suang Khor (alternate Director to Mr Dmitry Levit)	Non-Executive Director (appointed on 2 October 2014)
Mr. Michael Higginson	Company Secretary (resigned as a Director on 8 August 2014)

Mr. Dawson was the only Director to hold office from the start of the financial year to the date of this report. Mr. Malone resigned as a Director on 28 January 2014. Messrs Macdonald and Higginson resigned as Directors on 8 August 2014. All other Directors were appointed during the financial year on the dates set out above.

Details of the Directors in office during the financial year and until the date of this report are set out below.

### Howard Dawson (Non-Executive Chairman)

Howard Dawson was appointed to the Board in December 2003. Mr Dawson had an 11 year career as a geologist before entering the securities industry as a research analyst in 1987. Over the subsequent 20 years he fulfilled a number of complimentary roles within the securities industry including research, corporate advisory, business development and management for firms including Hartley Poynton, McIntosh Securities, Merrill Lynch and ABN AMRO Morgan's Limited.

<b>Responsibilities:</b>	Mr Dawson is Chairman of the risk committee and a member of the audit committee
<b>Qualifications:</b>	Bachelor of Science (Geology) SFFINSIA, MAIG
<b>Directorships:</b>	Discovery Capital Limited – Executive Chairman
<b>Past directorships:</b>	Tangiers Petroleum Limited – Non-Executive Director Nevada Iron Limited – Non-Executive Chairman Dampier Gold Limited – alternate Non-Executive Director

#### **Steven Goh (Executive Director and Chief Executive Officer) (appointed 8 August 2014)**

Steven is the CEO and co-founder of migme, founded in Australia, built up in Silicon Valley with top tier venture capitalists and then moved to Singapore. He has extensive experience in developing and commercialising compelling internet services for consumers & fundraising. Over the past 20 years, Steven also founded Sanford Securities (Australia's first online stockbroking company and a leader in its time), established Bell Direct (one of Australia's largest online wealth management companies), advised a number of Start-ups, been involved with a number of Incubators and been involved with many other organisations (ranging from stock exchanges, investment banks, to consumer internet businesses) throughout Australia, USA, Europe and Asia.

Steven began his career at the age of 7, programming Fortran at UWA's Maths Department courtesy of his father who lectured there. After finishing University in 1990, he worked in Chartered Accounting and then Stockbroking before founding Sanford in 1996. He maintains an avid interest in a range of computing languages and systems architecture. A consequence of his professional experience, he has also been involved in a few hundred capital issues and transactions for several hundred million dollars, including raising over US\$50m for companies that he himself has founded and led.

Steven was awarded an inaugural WA Business News "40 under 40" Award in 2002 and he was a finalist in Ernst & Young's Entrepreneur of the Year Awards in Australia's Western Region. He has extensive private and public board experience, is a frequent speaker at conferences in Silicon Valley, Europe, Asia, Australia and has appeared on CNBC, Financial Times, The Economist and Bloomberg.

<b>Responsibilities:</b>	Mr Goh is Chief Executive Officer of the Company
<b>Qualifications:</b>	Bachelor of Commerce and MBA
<b>Directorships:</b>	Nil
<b>Past directorships:</b>	Nil

#### **Yen-Chang (Charles) Pan (Executive Director) (appointed 8 August 2014)**

Mr Pan has had an 18 year business career and is currently the special assistant to the Chairman and Chief Investment Director of FIH Mobile, part of the Hon Hai Group which is the leading global manufacturing service provider in the 3C (computer, communication and consumer electronics) industries.

Prior to joining FIH Mobile, Mr Pan was General Manager between 2008 and 2012 of Orange Capital, part of France Telecom. Mr Yen-Chang has a Master of Business from the University of California and is currently based in Shenzhen, China.

<b>Responsibilities:</b>	Mr Pan provides assistance with new business opportunities
<b>Qualifications:</b>	Master of Business
<b>Directorships:</b>	Nil
<b>Past directorships:</b>	Nil

#### **Andi Zain (Non-Executive Director) (appointed 8 August 2014)**

Mr Zain has a Bachelor of Business Administration from GS Fame, Indonesia and a Master of Business Administration and Post Graduate Diploma in International Finance & Law, both from Monash University in Victoria. He has 15 years' experience in building internet and mobile businesses in South East Asia and launched the first content provider and ringtone service in Indonesia. Mr Zain is a former board member of the publicly listed SkyBee Tbk (IDX:SKYB). Currently, he is a director of several technology based companies and runs Ideabox, a tech start up incubator in partnership with Indosat, a mobile carrier in Indonesia. Mr Zain is also a founder of MobileMonday Indonesia, a networking forum of 400 mobile centric companies in Indonesia.

<b>Responsibilities:</b>	Mr Zain is a member of the remuneration committee
<b>Qualifications:</b>	Bachelor of Business Administration, MBA, Post Graduate Diploma in International Finance & Law
<b>Directorships:</b>	Nil
<b>Past directorships:</b>	Nil

**Dmitry Levit (Non-Executive Director)** (appointed 8 August 2014)

Mr Levit has a Master in Science in International Management from St Petersburg State University in Russia and a MBA from INSEAD in Singapore. He is a partner of Digital Media Partners which is a venture capital firm within the technology sector. He has extensive experience in the emerging markets internet space and has previously held a variety of business development and investment roles with Yahoo and IDG Ventures in South East Asia.

<i><b>Responsibilities:</b></i>	Mr Levit is chairman of the audit committee
<i><b>Qualifications:</b></i>	Master in Science in International Management and MBA
<i><b>Directorships:</b></i>	Nil
<i><b>Past directorships:</b></i>	Nil

**John Lee (Non-Executive Director)** (appointed 8 August 2014)

Mr Lee holds a degree in Finance & Operations Management from the New York University Stern School of Business and a BA in Political Science from the University of Michigan. He is currently CEO of a mobile games platform company based in Singapore. He has previously had multiple executive roles in privately held and publicly listed games companies in both the United States and Asia. He also was a venture capitalist at Softbank Venture Capital and has had consulting roles with McKinsey & Company and Deloitte & Touche in their technology services divisions.

<i><b>Responsibilities:</b></i>	Mr Lee is chairman of the remuneration committee
<i><b>Qualifications:</b></i>	Degree in Finance & Operations Management and Bachelor of Arts in Political Science
<i><b>Directorships:</b></i>	Nil
<i><b>Past directorships:</b></i>	Nil

**Yichin Lee (Non-Executive Director)** (appointed 8 August 2014)

Dr Lee is currently managing partner of FCC Partners Inc. and was previously the Senior Advisor and Taiwan Chief Representative of Booz & Co. He was formerly CEO of GigaMedia Limited, a NASDAQ listed company and remains a Director of several NASDAQ listed companies. Dr Lee has over 20 years of strategy management and corporate experience across China and has a Master of Science and PhD from Stanford University.

<i><b>Responsibilities:</b></i>	Dr Lee is a member of the remuneration and risk committees
<i><b>Qualifications:</b></i>	Master of Science and PhD
<i><b>Directorships:</b></i>	Nil
<i><b>Past directorships:</b></i>	Nil

**Stephen Llanwarne (Non-Executive Director)** (appointed on 2 October 2014)

Mr Llanwarne is a technology professional with over 30 years of commercial global experience across commercial systems, global investment banking and in the last 10 years, the mobile investment space. Mr Llanwarne has held senior roles with Deutsche Bank, Bankers Trust and Merrill Lynch in their technology divisions. Mr Llanwarne was also a founding partner and CIO of Zurich Capital Markets Asia. Mr Llanwarne received his Bachelor of Business in Information Technology from Curtin University in Perth, Western Australia.

<i><b>Responsibilities:</b></i>	Mr Llanwarne is a member of the risk committee
<i><b>Qualifications:</b></i>	Bachelor of Business, Information Technology
<i><b>Directorships:</b></i>	Nil
<i><b>Past directorships:</b></i>	Nil

**Chieh Suang Khor (Non-Executive Director — alternate Director for Dmitry Levit) (appointed 2 October 2014)**

Ms Khor is a principal at Digital Media Partners, a Singapore based media investment and venture capital company. She commenced her career as a senior Officer at the Singapore Economic Development Board in 2004 and has a Bachelor of Engineering, Electrical and Electronics from the National University of Singapore.

<b>Responsibilities:</b>	Ms Khor is the alternate Director for Mr Levit
<b>Qualifications:</b>	Bachelor of Engineering, Electrical and Electronics
<b>Directorships:</b>	Nil
<b>Past directorships:</b>	Nil

**Michael Higginson (Company Secretary) (resigned as a Director 8 August 2014)**

Mr Higginson is the holder of a Bachelor of Business Degree and was a Non-Executive Director for the period 31 August 2011 to 8 August 2014. Mr Higginson was appointed Company Secretary on 12 June 2009.

Mr Higginson was formerly an executive officer with the Australian Securities Exchange and has, over the last 27 years, held numerous company secretarial and directorship roles with a range of public listed companies both in Australia and the UK.

<b>Responsibilities:</b>	Member of the Audit Committee, corporate governance, corporate compliance and financial management of the Company
<b>Qualifications:</b>	Bachelor of Business with majors in Finance & Administration
<b>Directorships:</b>	Cape Range Limited Discovery Capital Limited
<b>Past directorships:</b>	Nil

**John Macdonald (Non-Executive Director) (resigned 8 August 2014)**

Mr Macdonald is a Geologist by training and also holds a Graduate Diploma in Business Finance.

Mr Macdonald commenced his career as an exploration geologist before moving into the securities industry with CIBC Eyre's Reed where he spent 15 years as a mining analyst and subsequently head of the research department. During that period, John gained extensive experience across the full range of minerals and bulk commodities as well as a strong understanding of project exploration and development.

For the past 12 years Mr Macdonald has been involved in independent mining and resource research and is currently principal of Green Leader Equities Research.

<b>Qualifications:</b>	Bachelor of Science (Geology) Graduate Diploma in Business (Finance). Member AusIMM
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**Jim Malone (Non-Executive Director) (resigned 28 January 2014)**

Jim Malone was a founding Director of the Company.

Mr Malone, a Commerce graduate from the University of Western Australia worked for Arthur Andersen accountants, Hartley Poynton stockbrokers, CSFB and Lehman Brothers merchant banks in London and for the West Coast Eagles and Richmond Football Clubs, the latter as CEO from 1994 to 2000.

Since 2000, Mr Malone has worked in the resources industry and has been involved with the start-up, successful listing and ongoing management and development of eight ASX listed and two non-listed resource companies with a diverse range of commodities including gold, base metals, uranium, oil and gas and industrial minerals. These companies have operated projects in Latin America, Europe, Africa, the USA and Australia. Over the past 25 years Mr Malone has lived and worked in Perth, Melbourne, London and Santiago, Chile.

<b>Qualifications:</b>	Mr Malone has a Bachelor of Commerce degree from the University of Western Australia and is a Member of the Australian Society of CPAs
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## Directors Meetings

The number of Directors' meetings (including meetings of committees of Directors) and number of meetings attended by each of the Directors of migme Limited during the period 1 January 2014 to 31 December 2014 are:

	Board Meetings		Remuneration Committee Meetings		Audit Committee Meetings		Risk Committee Meetings	
	A	B	A	B	A	B	A	B
Mr. Dawson	10	10	-	-	1	1	4	4
Mr. Goh	6	6	-	-	-	-	-	-
Mr. Pan	4	6	-	-	-	-	-	-
Mr. Levit	6	6	-	-	1	1	-	-
Mr. Zain	5	6	1	2	-	-	-	-
Mr. John Lee	5	6	2	2	-	-	-	-
Dr. Yichin Lee	4	6	1	2	1	1	4	4
Mr. Llanwarne	3	4	-	-	-	-	4	4
Ms. Khor	-	4	-	-	-	-	-	-
Mr. Malone	1	1	-	-	-	-	-	-
Mr. McDonald	3	4	-	-	-	-	-	-
Mr. Higginson	4	4	-	-	-	-	4	4

A – Number of meetings attended.

B – Number of meetings held during the time the Director held office during the period.

## Principal Activities

There has been a significant change in the nature of migme Limited's principal activities during the year. Prior to August 2014, the principal activity of migme Limited during the year was mineral exploration and project investigation.

With effect from August 2014, migme Limited merged with Project Goth, Inc. and commenced operations as a global digital media company focused on emerging markets.

The merger has been treated as a reverse acquisition for accounting purposes, which has Project Goth, Inc. as the acquirer and Latin Gold Limited as the acquiree. As a result, the loss for migme Limited includes the losses for the following periods for Project Goth, Inc. and the losses for the following partial period for Latin Gold Limited:

### For the Year Ended 31 December 2014

- Project Goth, Inc.'s loss for the period 1 January 2014 to 31 December 2014; and
- migme Limited's (formerly Latin Gold Limited's) loss for the period 5 August 2014 (being the date of acquisition) to 31 December 2014

### For the Year Ended 31 December 2013

- Project Goth, Inc.'s loss for the period 1 January 2013 to 31 December 2013

## Operating and Financial Review

### Summary of Financial Performance

	Reported		
	2014 \$	2013 \$	Change %
Operating revenue	1,948,759	2,939,894	(34)
Gross profit	592,286	2,264,641	(74)
Loss before interest, tax, depreciation and amortisation	(28,343,181)	(4,338,803)	(553)
Loss before interest and tax	(28,468,512)	(4,520,730)	(530)
Loss after tax	(28,628,579)	(4,658,356)	(515)
Basic loss per share (cents per share)	(0.21)	(0.11)	(91)
Cash balance	5,926,090	374,169	1,484

The financial results for the year include considerable one-time merger expenses of migme Limited, as well as post-merger expenses for the build out of operations infrastructure and market growth activities. The 2014 loss after tax of \$28,628,579 includes over \$20,000,000 of goodwill write-off and non-cash share based payments and one-time merger related expenses. The goodwill write-off includes a conservative write down of all goodwill related assets in their entirety, which would cease to have any further impact in future periods. The prior year loss after tax of \$4,658,356 was for Project Goth. Inc.

The following profit and loss statement provides details of the one-time activities and expenses for the 2014 year and is compared to the 2013 year.

	2014 \$	2013 \$	Variance \$
<b><u>Operational Activities</u></b>			
Revenue	1,948,759	2,939,894	(991,135)
Infrastructure expenses	(605,467)	(489,514)	(115,953)
Marketing expenses	(751,006)	(185,739)	(565,267)
<b>Gross profit</b>	<b>592,286</b>	<b>2,264,641</b>	<b>(1,672,355)</b>
Employee benefits expenses	(6,240,989)	(4,224,122)	(2,016,867)
Operating expenses – non merger related	(3,405,166)	(2,457,261)	(947,905)
<b>Loss before income tax expense</b>	<b>(9,053,869)</b>	<b>(4,416,742)</b>	<b>(4,637,127)</b>
<b><u>Merger Related Expenses</u></b>			
Share-based payment – merger related	(2,861,878)	-	(2,861,878)
Loss on convertible notes purchase	(738,703)	-	(738,703)
Corporate transaction accounting expense	(10,841,177)	-	(10,841,177)
Operating expenses – merger related	(1,006,435)	-	(1,006,435)
<b>Total merger related expenses</b>	<b>(15,448,193)</b>	<b>-</b>	<b>(15,448,193)</b>
<b><u>Other Income/Expenses</u></b>			
Share-based payment – non merger related	(3,837,021)	(162,623)	(3,674,398)
Goodwill impairment	(876,900)	-	(876,900)
Available for sale securities impairment	(123,351)	-	(123,351)
Other Income	4,138	12,037	(7,899)
Realised and unrealised foreign exchange gains/(losses)	738,365	(34,800)	773,165
<b>Total other expenses</b>	<b>(4,094,769)</b>	<b>(185,386)</b>	<b>(3,909,383)</b>
Income tax expense	(31,748)	(56,228)	24,480
<b>Loss after income tax expense</b>	<b>(28,628,579)</b>	<b>(4,658,356)</b>	<b>(23,970,223)</b>

migme Limited completed 2014 with cash reserves of \$5,926,090, as compared to \$374,169 as at 31 December 2013.

### Operational Summary

Revenues for migme Limited totalled \$1,948,759 for 2014, as compared to Project Goth, Inc.'s revenues of \$2,939,894 in 2013. Following completion of the merger in August 2014, migme Limited targeted market growth and development of operating competencies which would directly contribute to growth in users and engagement. This includes investments in the following key areas:

- talent acquisition in corporate development, engineering, product, marketing and audience departments in specific geographical regions;
- growth in monthly active users (MAU), which represents a key measurement indicator for the industry;
- establishment of large scale distribution networks through handset distribution partnerships and content, artist and media partnerships to reach mass audiences; and
- the addition of compelling content, games and services to the platform

During the year migme Limited increased its total employee by over 50%, including the addition of a new engineering team in Taiwan, expansion of our corporate development and marketing teams in Indonesia, as well as creating audience and content teams throughout the existing offices. These teams have enabled migme Limited to create sizable MAU growth since completion of the merger in August 2014. As of the merger completion date, migme Limited had 5,000,000 MAU's. As at the end of the year this number has increased to over 10,000,000 MAU's. Key partnership deals were signed with handset distribution partners, music labels who account for the majority of all handset and signed artists in Indonesia, DOKU a comprehensive payment platform, and made several small acquisitions.

#### Summary of Financial Position

	2014 \$	2013 \$	Change %
Current assets	6,551,279	458,388	1,329
Non-current assets	646,311	223,507	189
<b>Total assets</b>	<b>7,197,590</b>	<b>681,895</b>	<b>956</b>
Current liabilities	(1,604,920)	(5,596,879)	(71)
Non-current liabilities	-	-	-
<b>Total liabilities</b>	<b>(1,604,920)</b>	<b>(5,596,879)</b>	<b>(71)</b>
<b>Net assets</b>	<b>5,592,670</b>	<b>(4,914,984)</b>	<b>n/a</b>

The net asset position of migme Limited as at the end of the year reflects the completion of the merger between Latin Gold Limited and Project Goth, Inc. and the placement of 40,000,000 shares to the Company's cornerstone shareholder, Big Build Enterprises Limited (FIH Mobile Limited) which is part of the Foxconn Technology Group.

#### Future Development and Expected Results

The outlook for 2015 is for migme to build on and broaden the gains made since completion of the merger. The Company will focus its activities on the following:

- continued MAU growth in key target markets;
- opportunities for adding new products and technology through development and/or acquisition;
- large scale distribution deals (potential sources of large numbers of new users), including handset preinstalls, apps and media & telco partnerships;
- engagement activities through games, ecommerce and media partnerships;
- viral growth in attracting new users; and
- monetisation growth through premium activities, including virtual goods, games, and expansion of payment channels.

The combination of these efforts is expected to enable migme Limited to operate a scaleable business model, similar to the models used in China and north Asia, that can serve and monetise the 3.5 billion people in the emerging markets.

Other than as referred to in this report, further information as to likely developments in the operations of the Group and expected results of those operations would, in the opinion of the Directors, be speculative and prejudicial to the interests of the Group and its shareholders.

#### Significant Changes in State of Affairs

On 23 January 2014, migme Limited (formerly Latin Gold Limited) announced that it had entered into a Heads of Agreement to acquire 100% of the mig33 social entertainment platform through the issue of shares to shareholders of Project Goth, Inc. and its operating entities. The merger was completed in August 2014 and resulted in the issue of 147,001,367 fully paid ordinary shares to the mig33 vendors. Subsequent to the merger, migme Limited completed a share placement of 40,000,000 fully paid ordinary shares to Big Build Enterprises Limited (FIH Mobile Limited).

On 28 January 2014, Mr James Malone resigned as a Director of the Company.

On 19 February 2014, the Company announced that Project Goth, Inc. had acquired alivenotdead.com, a major Asian artist and entertainment management group with a reach of over 1,800 artists.

On 30 April 2014, the Company announced that Project Goth, Inc. had reached agreement with FIH Mobile Limited to make an initial investment of US\$2.2 million through a mix of existing securities and subscription to the rights in new shares in Project Goth, Inc. In addition and subject to the completion of the merger, FIH Mobile Limited would invest an additional US\$7.4 million via the issue of 40 million fully paid ordinary shares in the capital of the Company.

On 5 August 2014, the Company announced the completion of the merger via the allotment of 147,001,367 fully paid ordinary shares and the raising of \$8,000,000 pursuant to the placement of 40,000,000 fully paid ordinary shares to FIH Mobile Limited's nominee Big Build Enterprises Limited.

On 7 August 2014, the Company's securities were reinstated to official quotation on the Australian Securities Exchange ("ASX") and began trading as migme Limited (ASX ticker code: MIG) on 11 August 2014.

On 8 August 2014, Messrs Steven Goh, Yen Chang (Charles) Pan, Andi Zain, Dmitry Levit, John Lee and Yichin Lee were appointed as Directors of the Company. In addition, Mr Patrick Wong was appointed as the Company's Chief Financial Officer and Messrs Higginson and Macdonald resigned as Directors of the Company.

On 20 August 2014, the Company announced partnerships with leading telecommunications and retail distribution providers Smartfren, Spice Global and Trikomsel Indonesia.

On 2 October 2014, Mr Stephen Llanwarne was appointed as a Director of the Company and Ms Chieh Suang Khor was appointed as an alternate Director for Mr Levit.

On 16 October 2014, the Company announced the acquisition of LoveByte Pte Ltd, a mobile application business. The consideration payable was the issue on 1 July 2015 of 757,939 fully paid ordinary shares and 399,947 employee options.

On 30 October 2014, the Company announced a partnership with Indonesian electronic payment provider DOKU for the purpose of delivering more payment options and point-of-sale channels to migme users.

On 18 November 2014, the Company announced collaborations with music and content companies Sony Music Indonesia, Warner Music Indonesia, E Motion Entertainment and GP Records for the purpose of delivering a broad portfolio of artists, entertainment and music content to the migme platform.

On 11 December 2014, the Company announced the launch of an Application Programming Interface for developers to attract applications (apps) and game makers to the migme platform. The Company also announced the investment of \$400,000 into regional games platform developer MatchMe Pte Ltd via a convertible note.

There were no other significant changes in the state of affairs of the Group during the financial year not otherwise dealt with in this report and the financial statements.

#### **Dividends**

No dividends were declared or paid for the financial years ended 31 December 2013 and 31 December 2014.

#### **Significant Events After Balance Date**

On 21 January 2015, the Company announced the acquisition of online entertainment shopping site [www.sold.sg](http://www.sold.sg) ("Sold.sg"). Sold.sg was re-launched in February 2015 and is being progressively integrated with the migme platform and expanded into key markets.

There has been no other matter or circumstance that has arisen since 31 December 2014 which has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in subsequent financial years.

#### **Environmental Regulation**

The Group is not subject to any significant environmental regulations in respect of its operations. The Group has not incurred any liability (including any liability for rectification costs) under any environmental legislation.

## Directors' Interests

The relevant interest of each Director in shares, debentures, interest in registered schemes and rights or options over such instruments issued by the companies within migme Limited and other bodies corporate, as notified by the Directors to the ASX in accordance with s205G(1) of the Corporations Act 2001, at the date of this report are as follows:

	Ordinary Shares	Options over unissued ordinary shares	Options over existing issued ordinary shares
Mr. Dawson	1,247,160	200,000	-
Mr. Goh	20,244,238	7,500,000	66,735
Mr. Pan	-	-	-
Mr. Levit	11,240,174	-	-
Mr. Zain	2,116,231	-	550,088
Mr. J Lee	2,899,304	-	1,100,175
Dr. Y Lee	-	200,000	-
Mr. Llanwarne	662,206	200,000	825,131
Ms. Khor	-	-	-

Mr. Levit's interest is by virtue of Digital Media Partners.

## Share Options

At the date of this report, there are 18,083,887 unissued ordinary shares in respect of which options are outstanding.

	Number of options
Balance at the beginning of the year	-
<b>Movement of share options during the year</b>	
Options granted	18,083,887
Options cancelled	-
Options expired	-
<b>Total number of share options outstanding as at 31 December 2014</b>	<b>18,083,887</b>
<b>Total number of share options outstanding as at the date of this report</b>	<b>18,083,887</b>

The balance is comprised of the following:

Date options granted	Expiry date	Exercise price	Number of options
19 June 2014	31 July 2017	\$0.20	7,500,000
15 October 2014	15 October 2019	\$0.20	6,983,940
16 October 2014	15 October 2019	\$0.363	399,947
27 November 2014	30 November 2109	\$0.40	600,000
23 December 2014	31 December 2018	\$0.70	2,600,000
<b>Total number of options outstanding as at the report date</b>			<b>18,083,887</b>

No person entitled to exercise any option referred to above has had, by virtue of the option, a right to participate in any share issue of any other body corporate.

As part of the merger, a trust was established to hold issued fully paid ordinary shares to be used to fulfil the possible exercise of outstanding Project Goth, Inc. options. As at the date of this report, the trust holds 10,110,412 fully paid ordinary shares.

For details of options issued to Directors and executives as remuneration, refer to the Remuneration Report.

### **Indemnification and Insurance of Officers**

During the year, migme Limited paid a premium of \$26,775 in respect of a contract insuring the Directors and officers against a liability incurred by such Director or officer to the extent permitted by the Corporations Act 2001.

### **Auditor's Independence Declaration**

The auditor's independence declaration for the year ended 31 December 2014 has been received and immediately follows the Directors' Report.

### **Non-audit Services**

The Board of Directors is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed by the Board of Directors prior to commencement to ensure they do not adversely affect the integrity of the auditor; and
- the nature of the services provided does not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board

No fees for non-audit services were paid to the external auditors during the period 1 July 2014 to 31 December 2014 (30 June 2014: \$25,500).

### **Proceedings on Behalf of the Group**

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

### **Remuneration Report (Audited)**

This remuneration report for the period ended 31 December 2014 outlines the remuneration arrangements of migme Limited in accordance with the Corporations Act 2001 (the Act) and its regulations. This information has been audited as required by section 308(3C) of the Act.

The remuneration report is presented under the following sections:

1. Introduction
2. Remuneration Governance
3. Executive remuneration for the period ended 31 December 2014
4. Executive contracts
5. Non-Executive Director remuneration
6. Proportions of fixed and non-fixed remuneration
7. Equity Instruments

## 1. Introduction

This remuneration report details the remuneration arrangements for Key Management Personnel ("KMP") who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of migme Limited, either directly or indirectly, including any Director (whether executive or otherwise) of the parent entity. The KMP during and since the period ended 31 December 2014 were as follows:

Current Non-Executive Directors	
Mr. Howard Dawson	Chairman
Mr. Dmitry Levit	Non-Executive Director (appointed on 8 August 2014)
Mr. Andi Zain	Non-Executive Director (appointed on 8 August 2014)
Mr. John Lee	Non-Executive Director (appointed on 8 August 2014)
Dr. Yichin Lee	Non-Executive Director (appointed on 8 August 2014)
Mr. Stephen Llanwarne	Non-Executive Director (appointed on 2 October 2014)
Ms. Chieh Suang Khor (alternate Director to Mr Dmitry Levit)	Non-Executive Director (appointed on 2 October 2014)
Former Non-Executive Directors	
Mr. John Macdonald	Non-Executive Director (resigned on 8 August 2014)
Mr. Jim Malone	Non-Executive Director (resigned on 28 January 2014)
Current executive Directors	
Mr. Steven Goh	Executive Director & CEO (appointed on 8 August 2014)
Mr. Yen Chang (Charles) Pan	Executive Director (appointed on 8 August 2014)
Current Executives	
Mr. Patrick Wong	Chief Financial Officer (appointed on 8 August 2014)
Mr. Michael Higginson	Company Secretary

Shareholders of migme Limited have fixed the sum payable to Directors by way of remuneration for their services as Directors at a maximum of \$150,000 per annum.

## 2. Remuneration Governance

In line with the Remuneration Committee Charter ("the Charter"), the role of the Remuneration Committee is:

- To review and make recommendations to the Board on remuneration packages and policies related to Directors and senior executives; and
- To ensure that the remuneration policies and practices are consistent with migme Limited's strategic goals and human resource objectives.

The Remuneration Committee membership is made up of members of the Board. For the year ended 31 December 2014, Mr. John Lee acted as chair of the Committee. Details of the Remuneration Committee meetings are contained in the Directors' report.

## 3. Executive Remuneration for the Period Ended 31 December 2014

The aim of migme Limited's remuneration strategy is to align remuneration with the strategic direction of migme Limited. Fixed remuneration is set at a level that is competitive to the market. Ordinary shares and/or options to acquire ordinary shares have also been granted to executives to ensure the alignment of remuneration with the creation of shareholder wealth and provide a tangible link between remuneration outcomes with both the Group's and individual performance.

The 2014 remuneration figures below represent the remuneration of migme Limited executives for the six months ended 31 December 2014 together with the remuneration of executives of Project Goth, Inc. post-acquisition on 5 August 2014.

The comparatives figures are for the financial year ended 30 June 2014.



	Short Term Benefits		Post Employment Benefits	Equity settled Share Based Payments		Total \$	
	Year	Salary \$	Annual Leave \$	Super- annuation \$	Shares \$		Options \$
Current Executive Directors							
Mr. Steven Goh	2014	114,188	5,281	-	-	322,008	441,477
	30 June 14	-	-	-	-	-	-
Mr. Charles Pan	2014	-	-	-	-	-	-
	30 June 14	-	-	-	-	-	-
Current Executives							
Mr. Patrick Wong	2014	83,112	-	-	101,135	-	184,247
	30 June 14	-	-	-	-	-	-

The remuneration for the above executive Directors and executives are from 5 August 2014 to 31 December 2014. migme Limited had no executives for the six months period ended 31 December 2014 or for the financial year ended 30 June 2014.

#### 4. Executive Contracts

Remuneration arrangements for executives are formalised in employment contracts. All contracts are for an unlimited duration.

Name	Annual Remuneration \$	Notice Period and Termination Payments <sup>1</sup>
Mr. Steven Goh	274,046	Severance payment equal to 6 month's salary and health benefits Entitled to 20 days annual leave
Mr. Patrick Wong	199,468	Severance payment equal to 6 month's salary and health benefits Entitled to 20 days annual leave

<sup>1</sup> All employment contracts permit immediate termination for misconduct or breach of contract. All executive contracts include pay out of statutory requirements.

## 5. Non-Executive Director remuneration

migme Limited's Non-Executive Director remuneration strategy is to ensure that remuneration is competitive with companies of similar size. The remuneration can be in a combination of fixed fees and/or award of ordinary shares/options to acquire ordinary shares.

		Short Term Benefits	Post Employment Benefits	Equity Settled Share Based Payments		
	Year	Fees & Allowance \$	Super- annuation \$	Shares \$	Options \$	Total \$
<b>Current Non-Executive Directors</b>						
Mr. H. Dawson (1)	2014	34,166	-	-	3,411	37,577
	30 June 14	94,250	-	-	-	94,250
Mr. D. Levit (2)	2014	-	-	-	-	-
	30 June 14	-	-	-	-	-
Mr. A. Zain (2)	2014	-	-	-	-	-
	30 June 14	-	-	-	-	-
Mr. J. Lee (2)	2014	-	-	-	-	-
	30 June 14	-	-	-	-	-
Dr. Y. Lee (2)	2014	12,500	-	-	3,411	15,911
	30 June 14	-	-	-	-	-
Mr. S. Llanwarne (2)	2014	9,375	-	-	3,411	12,786
	30 June 14	-	-	-	-	-
Ms. C. Khor (2)	2014	-	-	-	-	-
	30 June 14	-	-	-	-	-
Mr. M. Higginson (1)	2014	42,720	-	-	-	42,720
	30 June 14	70,313	-	-	-	70,313
<b>Former Non-Executive Directors</b>						
Mr. J. MacDonald (1)	2014	2,000	-	-	-	2,000
	30 June 14	27,252	-	-	-	27,252
Mr. J. Malone (1)	2014	-	-	-	-	-
	30 June 14	18,000	-	-	-	18,000

- the remuneration disclosed is for migme Limited Directors (formerly Latin Gold Limited) for the period 1 July 2014 to 31 December 2014.
- the remuneration disclosed is for incoming Directors for the period 5 August 2014 to 31 December 2014

The comparative figures are for the year ended 30 June 2014.

## 6. Proportions of Fixed And Non-Fixed Remuneration

The percentage value of total remuneration relating to the current financial year received by key management personnel that consists of cash and share based remuneration is as follows:

	% of cash remuneration	% of share based remuneration
Mr. S. Goh	27%	73%
Mr. P. Wong	45%	55%
Mr. H. Dawson	91%	9%
Mr. D. Levit	N/A	N/A
Mr. A. Zain	N/A	N/A
Mr. J. Lee	N/A	N/A
Mr. Y. Lee	79%	21%
Mr. S. Llanwarne	73%	27%
Mr. C. Pan	N/A	N/A
Ms. C. Khor	N/A	N/A
Mr. M. Higginson	100%	0%
Mr. J. MacDonald	100%	0%
Mr. J. Malone	N/A	N/A

## 7. Equity Instruments

### 7.1 Options over equity instruments granted as compensation

Details of options to acquire unissued ordinary shares in migme Limited that were granted as compensation to key management personnel during the reporting period are as follows:

Options	Number Of Options Granted During 2014	Grant Date	Fair Value Per Option At Grant Date \$	Exercise Price Per Option \$	Expiry Date	Number Of Options Vested During The Period Ended 31 December 2014
Mr. Howard Dawson <sup>1</sup>	200,000	27 November 2014	0.2047	0.40	30 November 2019	16,666
Mr. Stephen Llanwarne <sup>1</sup>	200,000	27 November 2014	0.2047	0.40	30 November 2019	16,666
Dr. Yichin Lee <sup>1</sup>	200,000	27 November 2014	0.2047	0.40	30 November 2019	16,666
Mr. Steven Goh <sup>2</sup>	7,500,000	19 June 2014	0.0429	0.20	31 July 2017	-

1. Subject to their continuing service to the Company, the 600,000 options issued to Messrs Dawson, Llanwarne and Lee vest evenly over the 12 months from the grant date.
2. If the holder of the 7,500,000 options ceases to be either a Director, employee or consultant of the Company prior to 31 July 2016 and the options have not been exercised, then the options will be automatically cancelled. These options can only be exercised on or after 31 July 2015.
3. Whilst the approval for the issue of the 7,500,000 options occurred on 19 June 2014, the issue was subject to completion of the merger which became effective on 5 August 2014.

### 7.2 Exercise of options granted as compensation

No options to acquire unissued ordinary shares were exercised during the period 1 July 2014 to 31 December 2014 (30 June 2014: nil).

### 7.3 Details of equity incentives affecting current and future remuneration

Details of vesting profiles of options to acquire unissued ordinary shares held by each KMP are detailed below.

Name	No. Of Options	Grant Date	% Vested In The Period	% Forfeited In Period	Financial Years In Which Grant Vests
Mr. Howard Dawson	200,000	27 Nov 14	8.3%	0%	2015
Mr. Dmitry Levit	-	N/A	N/A	N/A	N/A
Mr. Andi Zain	-	N/A	N/A	N/A	N/A
Mr. John Lee	-	N/A	N/A	N/A	N/A
Dr. Yichin Lee	200,000	27 Nov 14	8.3%	0%	2015
Mr. Stephen Llanwarne	200,000	27 Nov 14	8.3%	0%	2015
Mr. Steven Goh	7,500,00	19 Jun 14	0%	0%	2015
Mr. Yen Chang (Charles) Pan	-	N/A	N/A	N/A	N/A
Mr. Patrick Wong	-	N/A	N/A	N/A	N/A
Ms. Chieh Suang Khor	-	N/A	N/A	N/A	N/A
Mr. Michael Higginson	-	N/A	N/A	N/A	N/A

Details of vesting profiles of restricted shares held by each KMP of the Group are detailed below.

Name	No. Of Shares	Grant Date	% Vested In The Period	% Forfeited In Period	Financial Years In Which Grant Vests
Mr. Howard Dawson	-	N/A	N/A	N/A	N/A
Mr. Dmitry Levit	-	N/A	N/A	N/A	N/A
Mr. Andi Zain	2,116,231	5 Aug 14	0%	0%	2016
Mr. John Lee	2,899,304	5 Aug 14	0%	0%	2016
Dr. Yichin Lee	-	N/A	N/A	N/A	N/A
Mr. Stephen Llanwarne	508,028	5 Aug 14	0%	0%	2016
Mr. Steven Goh	-	N/A	N/A	N/A	N/A
Mr. Yen Chang (Charles) Pan	-	N/A	N/A	N/A	N/A
Mr. Patrick Wong	1,989,718	5 Aug 14	12.5%	0%	2016
Ms. Chieh Suang Khor	-	N/A	N/A	N/A	N/A
Mr. Michael Higginson	-	N/A	N/A	N/A	N/A

### 7.4 Analysis of movements in equity instruments

The movement during the reporting period, by value, of options over ordinary shares in migme Limited held by each key management person is detailed below.

Name	Granted In Period \$	Value Of Options Exercised In Period \$	Lapsed In Period \$
Mr. Howard Dawson	40,931 <sup>1</sup>	-	-
Dr. Yichin Lee	40,931 <sup>1</sup>	-	-
Mr. Stephen Llanwarne	40,931 <sup>1</sup>	-	-
Mr. Steven Goh	322,008 <sup>1</sup>	-	-

1. The total value of options granted in the period is the fair value of the options calculated at grant date

## 7.5 Options over equity instruments

The movement during the reporting period, by number of options to acquire ordinary shares in migme Limited held, directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

Name	Held At 1 July 2014	Directors And Executives Appointed On 8 August 2014	Options Over Unissued Shares Granted As Compensation	Held At 31 December 2014	Vested During The Period	Vested And Exercisable At 31 December 2014
Mr. Howard Dawson	-	-	200,000	200,000	16,666	16,666
Mr. Dmitry Levit	-	-	-	-	-	-
Mr. Andi Zain	-	550,088 <sup>2</sup>	-	550,088	-	550,088
Mr. John Lee	-	1,100,175 <sup>2</sup>	-	1,100,175	-	1,100,175
Dr. Yichin Lee	-	-	200,000	200,000	16,666	16,666
Mr. Stephen Llanwarne <sup>1</sup>	-	825,131 <sup>2</sup>	200,000	1,025,131	16,666	841,797
Mr. Steven Goh	-	66,735 <sup>2</sup>	7,500,000	7,566,735	-	66,735
Mr. Yen Chang (Charles) Pan	-	-	-	-	-	-
Mr. Patrick Wong	-	814,124 <sup>2</sup>	-	814,124	70,475	489,897
Ms. Chieh Suang Khor	-	-	-	-	-	-
Mr. Michael Higginson	-	-	-	-	-	-

<sup>1</sup> Mr Llanwarne was appointed as a Director on 2 October 2014.

<sup>2</sup> These options provide the holder with the option to acquire existing issued fully paid shares held by a trustee.

No options were exercised during the period 1 July 2014 to 31 December 2014.

No options were issued or exercised during the year ended 30 June 2014 in migme Limited.

## 7.6 Movements in shares

The movement during the reporting period in the number of ordinary shares in migme Limited held, directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

Name	Held At 1 July 2014	Received On Exercise Of Options	Other Changes(i)	Held At 31 December 2014
Mr. Howard Dawson	1,247,160	-	-	1,247,160
Mr. Dmitry Levit	-	-	11,240,174	11,240,174
Mr. Andi Zain	-	-	2,116,231	2,116,231
Mr. John Lee	-	-	2,899,304	2,899,304
Dr. Yichin Lee	-	-	-	-
Mr. Stephen Llanwarne	-	-	662,206	662,206
Mr. Steven Goh	-	-	20,244,238	20,244,238
Mr. Yen Chang (Charles) Pan	-	-	-	-
Mr. Patrick Wong	-	-	1,989,718	1,989,718
Mr. Michael Higginson	-	-	-	-
Ms. Chieh Suang Khor	-	-	-	-

(i) Other changes represent shares that were purchased, sold or acquired through the merger transaction during the year

(ii) Mr. Levit's interest is by virtue of Digital Media Partners

End of remuneration report.

This Directors' report is signed in accordance with a resolution of the Directors.

On behalf of the Directors

A handwritten signature in black ink, appearing to be 'SG' with a stylized flourish underneath.

Steven Goh  
Chief Executive Officer  
31 March 2015

Stantons International Audit and Consulting Pty Ltd  
trading as

**Stantons International**  
Chartered Accountants and Consultants

PO Box 1908  
West Perth WA 6872  
Australia

Level 2, 1 Walker Avenue  
West Perth WA 6005  
Australia

Tel: +61 8 9481 3188  
Fax: +61 8 9321 1204

ABN: 84 144 581 519  
www.stantons.com.au

31 March 2015

Board of Directors  
"migme Limited"  
13/36 Johnson Street  
Guilford WA 6055

Dear Directors

**RE: migme Limited**

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of migme Limited.

As Audit Director for the audit of the financial statements of migme Limited for the year ended 31 December 2014, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours faithfully

**STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD**  
(Trading as Stantons International)  
(An Authorised Audit Company)



**Samir Tirodkar**  
Director

## Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2014

		Consolidated	
	Note	2014 \$	2013 \$
Revenue	4	1,948,759	2,939,894
Infrastructure expenses	4	(605,467)	(489,514)
Marketing expenses		(751,006)	(185,739)
<b>Gross profit</b>		<b>592,286</b>	<b>2,264,641</b>
Other Income		4,138	12,037
Employee benefits expenses	4	(6,240,989)	(4,224,122)
Operating Expenses	4	(4,411,601)	(2,457,261)
Realised and unrealised foreign exchange gains/(losses)		738,365	(34,800)
Share-based payment expenses	17	(6,698,899)	(162,623)
Goodwill write-off	24 (b) & (c)	(876,900)	-
Impairment on available for sale securities		(123,351)	-
Loss on convertible notes purchase	24 (d)	(738,703)	-
Corporate transaction accounting expense	24 (a)	(10,841,177)	-
<b>Profit/(loss) before tax</b>		<b>(28,596,831)</b>	<b>(4,602,128)</b>
Income tax expense	5	(31,748)	(56,228)
<b>Profit/(loss) for the year</b>		<b>(28,628,579)</b>	<b>(4,658,356)</b>
Other comprehensive income			
Items that will never be reclassified to profit or loss		-	-
Items that are or may be reclassified to profit or loss			
Foreign currency translation		918,646	(417,760)
<b>Other comprehensive income, net of tax</b>		<b>918,646</b>	<b>(417,760)</b>
<b>Total comprehensive loss</b>		<b>(27,709,933)</b>	<b>(5,076,116)</b>
<b>Loss attributable to owners of the Company</b>		<b>(28,628,579)</b>	<b>(4,658,356)</b>
<b>Total comprehensive loss attributable to owners of the Company</b>		<b>(27,709,933)</b>	<b>(5,076,116)</b>
<b>Earnings/(loss) per share (cents per share)</b>			
Basic earnings/(loss) per share	19	(0.21)	(0.11)
Diluted earnings/(loss) per share	19	(0.21)	(0.11)

The accompanying notes are part of the financial statements.



# Consolidated Statement of Financial Position

As at 31 December 2014

		Consolidated	
	Note	2014 \$	2013 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	6	5,926,090	374,169
Prepayments		120,688	33,071
Other assets	7	504,501	51,148
<b>Total current assets</b>		<b>6,551,279</b>	<b>458,388</b>
<b>Non-current assets</b>			
Leasehold improvements and equipment	8	501,586	135,823
Other non-current assets	9	144,725	87,684
<b>Total non-current assets</b>		<b>646,311</b>	<b>223,507</b>
<b>Total assets</b>		<b>7,197,590</b>	<b>681,895</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	10	1,351,867	2,286,734
Provisions	11	181,478	72,580
Deferred revenue	12	71,575	151,623
Convertible notes	13	-	2,986,589
Deferred tax liability		-	3,672
Current tax liability	14	-	95,681
<b>Total current liabilities</b>		<b>1,604,920</b>	<b>5,596,879</b>
<b>Total liabilities</b>		<b>1,604,920</b>	<b>5,596,879</b>
<b>Net assets</b>		<b>5,592,670</b>	<b>(4,914,984)</b>
<b>EQUITY</b>			
Contributed equity	15	78,592,668	41,770,202
Reserves	16	8,206,994	5,893,227
Accumulated losses	18	(81,206,992)	(52,578,413)
<b>Total equity</b>		<b>5,592,670</b>	<b>(4,914,984)</b>

The accompanying notes are part of the financial statements.

## Consolidated Statement of Changes in Equity

For the year ended 31 December 2014

	Issued Capital \$	Reserves \$	Accumulated Losses \$	Total \$
Balance as at 1 January 2013	41,769,534	6,131,461	(47,920,057)	(19,062)
Profit/(loss) for the year	-	-	(4,658,356)	(4,658,356)
Foreign currency translation movement	-	(417,760)	-	(417,760)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>(417,760)</b>	<b>(4,658,356)</b>	<b>(5,076,116)</b>
<b>Transactions with owners of the Company</b>				
Recognition of share based payments	-	179,526	-	179,526
Issue of share capital	668	-	-	668
<b>Balance as at 31 December 2013</b>	<b>41,770,202</b>	<b>5,893,227</b>	<b>(52,578,413)</b>	<b>(4,914,984)</b>
Profit/(loss) for the year	-	-	(28,628,579)	(28,628,579)
Foreign currency translation movement	-	918,646	-	918,646
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>918,646</b>	<b>(28,628,579)</b>	<b>(27,709,933)</b>
<b>Transactions with owners of the Company</b>				
Recognition of share based payments	-	1,395,121	-	1,395,121
Issue of share capital	36,822,466	-	-	36,822,466
<b>Balance as at 31 December 2014</b>	<b>78,592,668</b>	<b>8,206,994</b>	<b>(81,206,992)</b>	<b>5,592,670</b>

The accompanying notes are part of the financial statements.

## Consolidated Statement of Cash Flows

For the year ended 31 December 2014

	Note	Consolidated	
		2014 \$	2013 \$
<b>Cash flows from operating activities</b>			
Receipts from customers		1,862,669	2,951,530
Payments to suppliers and employees		(12,936,490)	(5,527,924)
Income taxes paid		(143,246)	(15,705)
<b>Net cash used in operating activities</b>	6(b)	<b>(11,217,067)</b>	<b>(2,592,099)</b>
<b>Cash flows from investing activities</b>			
Acquisition of leasehold improvement and equipment	8	(506,324)	(121,931)
Cash from acquisition of subsidiaries	24(a)	9,746,108	-
Other investments		(402,405)	(29)
<b>Net cash used in investing activities</b>		<b>8,837,379</b>	<b>(121,960)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of convertible notes		7,075,391	2,986,589
Proceeds from exercise of share options	15	11,404	668
<b>Net cash from financial activities</b>		<b>7,086,795</b>	<b>2,987,257</b>
<b>Net increase in cash and cash equivalents</b>		<b>4,707,107</b>	<b>273,198</b>
Cash and cash equivalents at the beginning of the year		374,169	545,531
Effect of movements in exchange rates on cash held		844,814	(444,560)
<b>Cash and cash equivalents at the end of the year</b>	6(a)	<b>5,926,090</b>	<b>374,169</b>

The accompanying notes are part of the financial statements.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

### 1. Corporate Information

migme Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. The consolidated financial statements of migme Limited as at and for the year ended 31 December 2014 comprise the financial statements of migme Limited and its subsidiaries (as outlined in note 24).

The nature of operations and principal activities of migme Limited are described in the Directors' report.

### 2. Significant Accounting Policies

#### (a) Basis of Preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has also been prepared on a historical cost basis, except for certain assets, which as noted have been measured at amortised cost and fair value basis.

This financial report complies with the Corporations Act 2001, Australian Accounting Standards and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

All amounts are presented in Australian dollars unless otherwise noted.

On 5 August 2014, migme Limited, formerly Latin Gold Limited (the Legal Parent and Legal Acquirer), completed a merger with the acquisition of Project Goth, Inc. and subsidiaries (Project Goth, Inc. and the Legal Acquiree) through the issuance of 147,001,367 shares in migme Limited.

In accordance with "AASB 3: Business Combination" (AASB 3), the merger was recorded under the reverse acquisition principals which resulted in the Legal Parent being accounted for as the subsidiary, while the Legal Acquiree, being accounted for as the parent. Under the reverse acquisition principals, the consideration provided by Project Goth, Inc. was determined to be \$12,926,115, which is the fair value of the 64,630,647 shares owned by the former Latin Gold Limited shareholders at the completion of the merger.

The excess of fair value of the shares owned by the former Latin Gold Limited shareholders and the fair value of the identifiable net assets of migme Limited immediately prior to the completion of the merger is accounted for under "AASB: Share-based Payment" (AASB 2) and resulted in the recognition of \$10,841,177 being recorded as a "Corporate Transaction Accounting Expense." The net assets of migme Limited were recorded at fair value at the completion of the merger. No adjustments were required to the historical book values.

The accounting for the acquisition resulted in an expense of \$10,841,177 being recognised on acquisition (refer to Note 24).

As Project Goth, Inc. is considered to be the parent of migme Limited for accounting purposes, the consolidated financial statements represents the financial statements of Project Goth, Inc. with the exception of the capital structure. The amount recognised as equity instruments in these consolidated statements represents the issued equity interest of migme Limited adjusted to reflect the equity issued by migme Limited on acquisition. Refer to note 15 on issued capital and note 24 on the accounting for the acquisition.

Following the completion of the merger, migme Limited changed its financial year end from 30 June to 31 December.

## **(b) Going Concern**

The financial statements have been prepared on the going concern basis which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

The Group has incurred a net loss after tax for the year ended 31 December 2014 of \$28,628,579 (2013: \$4,658,356), and a net cash outflow from operating activities of \$11,217,067 (2013: \$2,592,099). As at 31 December 2014, the Group has working capital surplus of \$4,946,359 (2013: deficiency of \$5,138,491).

The Group's ability to continue as a going concern and pay its debts as and when they fall due, assumes the following:

- a) the Group's ability to generate sufficient increase in customer receipts to cover ongoing expense disbursements; and/or
- b) the Group is able secure further investment to finance the Group's operations, if required.

The Directors have reviewed the business outlook and cash flow forecast and are of the opinion that the use of the going concern basis of accounting is appropriate as they believe the Group will achieve the matters set out above. As such, the Directors believe that they will continue to be successful in securing additional funds as and when the need to raise working capital arises.

Should the Group be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different from those stated in the financial statements.

## **(c) Presentation and Functional Currency**

### **Presentation Currency**

The consolidated financial report is presented in Australian dollars.

### **Functional Currency**

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each Group entity are expressed in Australian dollars ("AUD"), which is the functional currency of migme Limited and the presentation currency for the consolidated financial statements.

## **(d) Clarification of Terminology Used in the Statement of Comprehensive Income and the Statement of Cash Flows**

Under the requirements of AASB 101: "Presentation of Financial Statement", migme Limited classifies expenses (apart from finance costs) according to either the nature (type) of the expense or function (activity to which the expense relates). The Directors have chosen to classify expenses using the nature classification as it more accurately reflects the type of operations undertaken.

Earnings before interest, income tax expense, depreciation and amortisation (EBITDA) reflects profit/(loss) for the year prior to including the effect of net finance costs, income taxes, depreciation and amortisation. Depreciation and amortisation are calculated in accordance with AASB 116: "Property, plant and equipment" and AASB 138 "Intangible assets" respectively. In addition to this, the Directors believe that EBITDA is a relevant and useful financial measure used by management to measure migme Limited's operating performance.

Management used EBITDA and earnings before interest and income tax expense (EBIT) in combination with other financial measures, primarily to evaluate migme Limited's operating performance before financing, income tax and non-cash capital related expenses. In addition, the Directors believe EBITDA is useful to investors because analysts and other members of the investment community largely view EBITDA as a key and widely recognised measure of operating performance.

EBIT is similar measure to EBITDA, but it takes into account depreciation and amortisation.

(e) New Accounting Standards And Interpretations

New Standards Effective From 1 January 2014

migme Limited has adopted the following new and revised Accounting Standards issued by the AASB that are relevant to its operations.

Reference	Title	Application Of Date Of Standard	Application Date For Migme Limited
	<b>Materiality</b>		
AASB 1031	The revised AASB 1031 is an interim standard that cross-reference to other Standards and the Framework (issued December 2013) that contain guidance on materiality	1 January 2014	1 January 2014
	<b>Amendments to Australian Accounting Standards to remove individual key management personnel disclosure requirements</b>		
AASB 2011-4	Disclosure requirements regarding key management personnel should be removed from AASB 124 Related Party Disclosures.	1 January 2014	1 January 2014

New Standards And Interpretations Issued Not Yet Adopted

Reference	Title	Application Of Date Of Standard	Application Date For Migme Limited
AASB 9	Financial Instruments	1 January 2018	1 January 2018
AASB 2014-1	Amendments to Australian Accounting Standards'- Parts A to C	1 July 2014	1 January 2015
AASB 2014-1	Amendments to Australian Accounting Standards'- Part D	1 January 2016	1 January 2016
AASB 2014-1	1 Amendments to Australian Accounting Standards'- Part E	1 January 2015	1 January 2015
AASB 2014-4	Amendments to Australian Accounting Standards-Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016	1 January 2016

(f) Basis of Consolidation

The consolidated financial statements comprise the financial statements of migme Limited and its subsidiaries as at 31 December 2014. Subsidiaries are entities the parent controls. Control is achieved when migme Limited is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, migme Limited controls an investee if an only if migme Limited has the power over the investee, the exposure, or rights, to variable returns from its involvement with the investee and has the ability to use its power over the investee to affect its returns.

When migme Limited has less than a majority of the voting or similar rights of an investee, migme Limited considers all relevant facts and circumstances in assessing whether it has power over an investee, including the contractual arrangement with the other vote holders of the investee, rights arising from other contractual arrangements and migme Limited's voting rights and potential voting rights.

migme Limited re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when migme Limited obtains control over the subsidiary and ceases when migme Limited loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of profit or loss and other comprehensive income from the date migme Limited gains control until the date migme Limited ceases to control the subsidiary. Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parent of migme Limited and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with migme Limited's accounting policies. All intra-group assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of migme Limited are eliminated in full on consolidation.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting except for the acquisition of Project Goth, Inc. which was accounted for using the principles of AASB 2. The acquisition method of accounting involves recognising at acquisition date, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree. The identifiable assets acquired and the liabilities assumed are measured at their

acquisition date fair values. The difference between these items and their fair value of the consideration (including their fair value of any pre-existing investment in the acquiree) is goodwill or a discount on acquisition.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a merger is, from the acquisition date is allocated to each of migme Limited's cash generating units that are expected to benefit from the combination, irrespective of whether assets or liabilities of the acquiree are assigned to those units.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If migme Limited loses control over a subsidiary, it de-recognises the assets (including goodwill) and liabilities of the subsidiary, the carrying amount of any non-controlling interest, the cumulative translation differences recorded in equity, recognises the fair value of the consideration received, the fair value of any investment retained, any surplus or deficit in profit or loss and reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate, as would be required if migme Limited had directly disposed of the related assets or liabilities.

#### **(g) Revenue Recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to migme Limited and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment, if any, and excluding taxes or duty.

Revenue from the sale of virtual products and games are recognised upon completion of delivery of the virtual products and game access, respectively to the customers. Revenue is measured at the fair value of the consideration received or receivable and recognised when prescribed conditions are met.

Interest revenue is recognised on a time proportion basis that takes into account the effective yield on the financial asset.

#### **(h) Significant Accounting Judgements, Estimates And Assumptions**

The preparation of migme Limited's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, the accompanying disclosures and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

##### **Significant Accounting Estimates And Assumptions**

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of certain assets and liabilities are described below.

##### **Taxation**

migme Limited's accounting policy for taxation requires management's judgement in assessing whether deferred tax assets and certain deferred tax liabilities are recognised in the statement of financial position. Deferred tax assets, including those arising from un-recouped tax losses, capital losses and temporary differences are recognised only where it is considered more likely than not that they will be recovered, which is dependent on the generation of sufficient future taxable profits. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows.

Judgements are also required about the application of income tax legislation in respect of the availability of carry forward tax losses. These judgements and assumptions are subject to risk and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets and deferred tax liabilities recognised in the statement of financial position and the amount of other tax losses and temporary differences not yet recognised. In such circumstances, some or all of the carrying amounts of recognised deferred tax assets and liabilities may require adjustment, resulting in a corresponding credit or charge to the statement of comprehensive income in future periods.

##### **Share Based Payments**

Accounting judgements, estimates and assumptions in relation to share based payments are discussed in note 17.

## **(i) Leases**

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Finance leases, which transfer to migme Limited substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as an expense. Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term if there is no reasonable certainty that migme Limited will obtain ownership by the end of the lease term.

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as the lease income. Operating lease payments are recognised as an expense in the statement of comprehensive income on a straight-line basis over the lease term. Lease incentives are recognised when they are received and amortised over the life of the lease.

## **(j) Cash and Cash Equivalents**

Cash in the statement of financial position and statement of cash flows comprise cash at bank and cash on hand.

## **(k) Other Receivables**

All other receivables recognised as current assets are due for settlement within no more than one year. Recoverability of other receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off.

## **(l) Income Tax**

Tax expense comprises current and deferred tax. Current and deferred tax is recognised in profit or loss except to the extent that it relates to a merger, or items recognised directly in equity or in other comprehensive income.

### **Current Tax**

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends.

### **Deferred Tax**

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a merger and that affects neither accounting nor taxable profit or loss;
- temporary differences related on investments in subsidiaries and associates and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future;
- taxable temporary differences arising on the initial recognition of goodwill; and
- tax benefits acquired as part of a merger, but not satisfying the criteria for separate recognition, would be subsequently recognised if new information about facts and circumstances changed. The adjustment would be either treated as a reduction to goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement of or in the profit or loss.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted as at the reporting date.

In determining the amount of current and deferred tax migme Limited takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. migme Limited believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes migme Limited to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.



Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised.

### **Tax Consolidation Legislation**

migme Limited is not consolidated for income tax purposes.

### **(m) Other Taxes**

Revenues, expenses and assets are recognised net of the amount of Goods and Services Tax ("GST") except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position. Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

### **(n) Leasehold Improvements and Equipment**

Leasehold improvements and equipment is stated at cost less accumulated amortisation and depreciation. Amortisation and depreciation is calculated over the estimated useful life of the assets as follows:

	Useful life	Method
Furniture and fittings	5 years	Straight line method
Computer and office equipment	2 to 3 years	Straight line method
Leasehold improvements	Lease period	Straight line method

An item of leasehold improvements and equipment is de-recognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the statement of comprehensive income in the period the items is de-recognised.

### **Impairment**

The carrying values of plant and equipment are reviewed for impairment at each reporting date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

### **(o) Fair Value Measurement**

migme Limited measures financial instruments and non-financial assets at fair value at each balance date. Also, fair values of financial instruments are measured at the amortised cost. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to migme Limited. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

migme Limited uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure their fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; or
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, migme Limited determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

#### **(p) Intangible Assets**

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a merger is measured at fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is recognised in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or infinite. Intangible assets with finite lives are amortised over their useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are either reviewed at the end of each reporting period or amortised over the life of the asset. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the amortisation period or method, as appropriate, which is a change in accounting estimate.

Amortisation is calculated using the estimated useful life of the asset as follows:

	Useful life	Method
Goodwill	Indefinite	Not applicable

The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed at each reporting period to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for as a change in an accounting estimate and is made on a prospective basis.

#### **Goodwill**

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. Subsequently goodwill is measured at cost and is tested for impairment annually. For the purpose of impairment testing, goodwill acquired in a merger is, from the acquisition date, allocated to each of migme Limited's cash generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill form parts of a cash generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash generating unit retained.

#### **(q) Investments**

Investments in controlled entities are carried at the lower of cost and recoverable amount.

#### **(r) Impairment of Assets**

migme Limited monitors throughout the year to see whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, migme Limited makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash generating unit to which it belongs. When the carrying amount of an asset or cash generating unit exceeds its recoverable amount, the asset or cash generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specified to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset.

As assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased, except in relation to goodwill. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior periods. Such reversal is recognised in the statement of comprehensive income.

After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

#### **(s) Trade Payables**

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to migme Limited prior to the end of the reporting period that are unpaid and arise when migme Limited becomes obliged to make future payments in respect of the purchase of these goods and services.

#### **(t) Provisions**

Provisions are recognised when migme Limited has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where migme Limited expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

#### **(u) Employee Benefits**

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries and annual leave.

Liabilities arising in respect of wages and salaries, annual leave and any other employee benefits are measured at their nominal amounts.

Employee benefits expense and revenues arising in respect of wages and salaries, non-monetary benefits, annual leave and other leave benefits; and other types of employee benefits; are recognised against profits on a net basis in their respective categories.

#### **(v) Share-Based Payments**

migme Limited provides benefits to its employees (including key management personnel) in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

The cost of share-based payments have been measured according to AASB 2: "Share-based payments" accounting standard.

## Equity-Settled Transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. That cost is recognised, together with a corresponding increase in other capital reserves in equity over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and migme Limited's best estimate of the number of equity instruments that will ultimately vest. The statement of profit or loss expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions, for which vesting is conditional upon a market or non-vesting condition. These are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the expense had the terms not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification. The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

### (w) Comparative Balances

Accounting policies adopted are consistent with those of the previous year. Where revenue and expenses have been reallocated between departments or within revenue and expense lines, the comparatives for the previous year and if applicable corresponding balance sheet movement have been reallocated to assist comparability between years.

### (x) Contributed Equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

### (y) Earnings/Loss Per Share

#### Basic Earnings/Loss Per Share

Basic earnings/loss per share is calculated as profit/loss attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares outstanding during the financial year.

#### Diluted Earnings/Loss Per Share

Diluted earnings/loss per share adjusts the figures used in the determination of basic earnings/loss per share to take into account the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

## 3. Segment Reporting

Based on the information used for internal reporting purposes by the chief operating decision maker, being the Board, at 31 December 2014, migme Limited operated in one reportable segment being the migme platform operations in Asia.

The reportable segment financial statements are therefore the same as the consolidated statement of profit or loss and other comprehensive income and the consolidated statement of financial position.

#### 4. Revenue and Expenses

	Consolidated	
	2014 \$	2013 \$
<b>Revenue</b>		
Sale of virtual goods and games	1,948,759	2,939,894
<b>Infrastructure expenses</b>		
Server, subscriptions and revenue sharing expenses	(605,467)	(489,514)
<b>Employee benefits expense</b>		
Remuneration, bonuses, on-costs and amounts provided for benefits	(6,240,989)	(4,224,122)
<b>Operating expenses</b>		
Expenses include the following:		
Occupancy and administrative expenses	(1,167,446)	(840,372)
Travel related expenses	(792,204)	(155,346)
Interest expense	(117,661)	(81,398)
Amortisation and depreciation expense	(124,681)	(181,927)
Audit, accounting, taxation and legal expenses	(253,390)	(649,858)
Software development and maintenance expenses	(544,178)	(409,590)
Corporate, secretarial and registry expenses	(67,282)	-
Hiring expenses	(338,324)	(138,770)
Merger related expenses	(1,006,435)	-
<b>Total</b>	<b>(4,411,601)</b>	<b>(2,457,261)</b>

## 5. Income Tax

	Consolidated	
	2014 \$	2013 \$
<b>Current income tax</b>		
Current income tax expense/(benefit)	-	56,228
Adjustment in respect of current income tax of previous years	31,748	-
Deferred income tax	-	-
<b>Income tax reported in income statement</b>	<b>31,748</b>	<b>56,228</b>
A reconciliation of income tax expense/(benefit) applicable to account profit before income tax at the statutory income tax rate is as follows:		
<b>Accounting profit/(loss) before income tax</b>	<b>(28,596,831)</b>	<b>(4,602,128)</b>
Statutory income tax rate of 30%	(8,579,049)	(1,380,638)
Tax effect of amounts not deductible/assessable in calculating income		
Share-based payments	2,009,670	48,787
Provisions and accruals	160,581	50,937
Unrealised foreign exchange	(240,739)	(6,421)
Other non-deductible / non-assessable items	273,370	(18,676)
Impairment of non-deductible items arising from reverse acquisition	3,515,423	-
Effect of lower overseas tax rates	741,360	19,598
Deferred tax balances not recognised	2,151,132	1,342,641
<b>Total income tax expense / (benefit)</b>	<b>31,748</b>	<b>56,228</b>
The following deferred tax balances have not been recognised:		
<b>Deferred tax assets relate to the following:</b>		
Tax losses carried forward - Australia	2,382,006	2,280,228
Tax losses carried forward - overseas	13,684,613	10,614,496
Provisions and accruals	144,415	50,937
Other	4,590	-
<b>Total deferred tax assets</b>	<b>16,215,624</b>	<b>12,945,661</b>
<b>Deferred tax liabilities relate to the following:</b>		
Unrealised foreign exchange	662,450	6,420
<b>Total deferred tax liabilities</b>	<b>662,450</b>	<b>6,420</b>

The tax benefits of the above deferred tax assets will only be obtained if:

- (a) the consolidated Group derives future assessable income of a nature and of an amount sufficient to enable the benefits to be utilised;
- (b) the consolidated Group complies with the conditions for deductibility imposed by law; and
- (c) no changes in income tax legislation adversely affect the consolidated Group in utilising the benefits

No deferred tax assets or liabilities have been recognised as at 31 December 2014.

## 6. Cash and Cash Equivalents

### (a) Reconciliation of Cash

	Consolidated	
	2014 \$	2013 \$
Cash at bank and on hand	5,834,526	298,321
Cash at financial institutions	91,564	75,848
<b>Total</b>	<b>5,926,090</b>	<b>374,169</b>

Cash at bank and on hand earns interest at floating rates based on daily bank deposit rates.

### (b) Reconciliation of Profit After Tax to Net Cash Flows from Operating Activities

	Consolidated	
	2014 \$	2013 \$
<b>Reconciliation of loss after tax to net cash flows from operating activities</b>		
<b>Net loss after tax</b>	<b>(28,628,579)</b>	<b>(4,658,356)</b>
Adjustments for non-cash income and expense items:		
Depreciation and amortisation	124,681	181,927
Write off of property, plant & equipment	1,591	-
Share based payments	6,698,899	162,623
Goodwill write off on acquisition	876,900	-
Impairment of investments	123,351	-
Corporate transaction accounting expense	10,841,177	-
Unrealised exchange (gain)/losses	(802,465)	32,594
Loss on purchase of convertible notes	738,703	-
<b>Changes in net assets and liabilities:</b>		
(Increase)/decrease in prepayments	(87,617)	58,668
(Increase)/decrease in other assets	(6,341)	(41,506)
(Increase)/decrease other non-current assets	(22,657)	10,573
Increase/(decrease) in trade and other payables	(992,062)	1,657,185
Increase/(decrease) in provisions	108,898	(55,916)
Increase/(decrease) in current and deferred tax liability	(111,498)	44,107
Increase/(decrease) in deferred revenue	(80,048)	16,002
<b>Net cash flow provided by/(used in) operating activities</b>	<b>(11,217,067)</b>	<b>(2,592,099)</b>

### Non Cash Financing and Investing Activities

The following were non cash financing and investing activities:

- Shares issued to arrangers as disclosed in note 15;
- Shares issued for the acquisition of New Sense Enterprises Ltd as disclosed in notes 15 and 24;
- Shares to be issued for the acquisition of LoveBytes Pte Ltd as disclosed in note 24.

## 7. Other Assets

	Consolidated	
	2014 \$	2013 \$
Convertible notes receivable	434,867	-
Other receivables	57,489	51,148
Income tax receivable	12,145	-
<b>Total</b>	<b>504,501</b>	<b>51,148</b>

## 8. Leasehold Improvements and Equipment

	Leasehold Improvements \$	Office & Computer Equipment \$	Furniture, Fixtures and Fittings \$	Total \$
<b>As at 31 December 2014</b>				
Cost	170,150	718,677	74,011	962,838
Accumulated amortisation and depreciation expense	(85,486)	(333,676)	(42,090)	(461,252)
<b>Net carrying amount</b>	<b>84,664</b>	<b>385,001</b>	<b>31,921</b>	<b>501,586</b>
Net carrying amount at 1 January 2014	31,722	87,582	16,519	135,823
Additions	82,191	399,350	24,783	506,324
Disposals	-	(6,714)	-	(6,714)
Assets Write Off	(1,591)	-	-	(1,591)
Amortisation and depreciation expense	(27,572)	(87,724)	(9,385)	(124,681)
Effect of exchange rate	(86)	(7,493)	4	(7,575)
<b>Net carrying amount at 31 December 2014</b>	<b>84,664</b>	<b>385,001</b>	<b>31,921</b>	<b>501,586</b>
<b>As at 31 December 2013</b>				
Cost	96,682	1,649,482	47,658	1,793,822
Accumulated amortisation and depreciation expense	(64,960)	(1,561,900)	(31,139)	(1,657,999)
<b>Net carrying amount</b>	<b>31,722</b>	<b>87,582</b>	<b>16,519</b>	<b>135,823</b>
Net carrying amount at 1 January 2013	20,107	172,724	23,033	215,864
Additions	30,880	89,384	1,667	121,931
Disposals	-	-	-	-
Amortisation and depreciation expense	(11,761)	(161,797)	(8,369)	(181,927)
Effect of exchange rate	(7,504)	(12,729)	188	(20,045)
<b>Net carrying amount at 31 December 2013</b>	<b>31,722</b>	<b>87,582</b>	<b>16,519</b>	<b>135,823</b>



## 9. Other Non-Current Assets

	Consolidated	
	2014 \$	2013 \$
Deposits for operating related expenses	110,340	87,684
Available for sale securities – Tier 1	34,385	-
<b>Total</b>	<b>144,725</b>	<b>87,684</b>

Available for sale securities are carried at fair value and are regarded as Tier 1 assets for valuation purposes.

## 10. Trade and Other Payables

	Consolidated	
	2014 \$	2013 \$
Trade payables and accrued expenses	1,351,867	2,286,734

## 11. Provisions

	Consolidated	
	2014 \$	2013 \$
Employee benefits – annual leave	181,478	72,580

## 12. Deferred Revenue

migme Limited users prepay for services on the migme platform. Revenue is recognised upon completion of delivery of the virtual products and games to the customers. Revenue is measured at the fair value of the consideration received or receivable. Deferred revenue balance represents unutilised balances purchased by migme users.

	Consolidated	
	2014 \$	2013 \$
Deferred revenue from sale of virtual products and games	71,575	151,623

## 13. Convertible Notes

As part of the merger, convertible notes were purchased from note holders by migme Limited. The consideration paid was an issuance of migme Limited fully paid ordinary shares. Refer to note 24 for further details.

	Consolidated	
	2014 \$	2013 \$
Convertible notes	-	2,986,589

## 14. Current Tax Liability

	Consolidated	
	2014 \$	2013 \$
Current tax liability – owed to income tax authorities	-	95,681

## 15. Contributed Equity

		Consolidated		
		2014	2013	
		\$	\$	
Issued capital		78,592,668	41,770,202	

	Number of Shares 2014	Consolidated 2014 \$	Number of Shares 2013	Consolidated 2013 \$
Balance at the beginning of the year	72,421,600	41,770,202	72,387,220	41,769,534
Options and warrants converted to shares	80,718	1,592	34,380	668
Issuance of shares – employees	36,486,068	2,378,875	-	-
Issuance of shares – employee share option trust	17,138,102	-	-	-
Issuance of shares - arrangers	23,333,333	2,752,393	-	-
Issuance of shares - AlivenotDead acquisition	4,504,504	553,150	-	-
<b><i>Merger of migme Limited and Project Goth, Inc.</i></b>				
Elimination of existing Project Goth, Inc. shares	(153,964,325)	-	-	-
Existing migme Limited shares on acquisition	64,630,647	12,926,115	-	-
Issue of migme Limited shares to Big Build Enterprises Limited	40,000,000	8,000,000	-	-
Issue of migme Limited shares on acquisition of convertible notes	51,498,849	10,299,766	-	-
Issue of migme Limited shares for the acquisition of Project Goth, Inc.	92,378,595	-	-	-
Issue of migme Limited shares to brokers	3,123,923	624,785	-	-
Options exercised (i)	-	9,812	-	-
Capital raising costs	-	(724,022)	-	-
<b>Total quoted shares outstanding at 31 December</b>	<b>251,632,014</b>	<b>78,592,668</b>	<b>72,421,600</b>	<b>41,770,202</b>

(i) On the exercise of these options, shares were issued from the Employee Share Trust.

## 16. Reserves

	Consolidated	
	2014 \$	2013 \$
Share options	3,868,687	2,999,583
Share equity	526,017	-
Share warrants	301,961	301,961
Foreign currency translation reserve	3,510,329	2,591,683
<b>Total</b>	<b>8,206,994</b>	<b>5,893,227</b>
<b>Share options reserve</b>		
Opening Balance	2,999,583	2,820,327
Options issued during the year	869,104	179,256
<b>Closing Balance</b>	<b>3,868,687</b>	<b>2,999,583</b>
<b>Share equity reserve</b>		
Opening Balance	-	-
Shares issued during the year	526,017	-
<b>Closing Balance</b>	<b>526,017</b>	<b>-</b>
<b>Share warrants reserve</b>		
Opening Balance	301,961	301,961
Share warrants issued during the year	-	-
<b>Closing Balance</b>	<b>301,961</b>	<b>301,961</b>
<b>Foreign currency translation reserve</b>		
Opening Balance	2,591,683	3,009,443
Translation of controlled entities	918,646	(417,760)
<b>Closing Balance</b>	<b>3,510,329</b>	<b>2,591,683</b>

## 17. Share-Based Payments

The recognised expense arising from equity settled share-based payment plans totalled \$6,698,899 for the year ended 31 December 2014.

### Shares Held by Trustee

As part of the merger, migme Limited assumed Project Goth, Inc's obligations under all Project Goth, Inc. options that were unvested and outstanding immediately prior to the completion of the merger. In so doing, as part of the total merger consideration migme Limited issued to a trustee (T Durden Pte Ltd) 10,282,861 ordinary fully paid shares.

### Measurement of Fair Values

The fair value of the share options at grant date are determined using a Black Scholes pricing method that takes into account the exercise price, the term of the option, the probability of exercise, the share price at grant date and expected volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

#### Valuation of 7,500,000 share options granted on 19 June 2014

The following table lists the inputs to the model used for valuation of the unlisted options:

Item	Inputs
Volatility (%) (see below)	60%
Risk-free interest rate (%) – range	2.75%
Expected life of option (years)	3.13
Exercise price per terms & conditions	\$0.20
Underlying security spot price	\$0.20
Valuation date	19 June 2014
Expiry date	31 July 2017
Valuation per option	\$0.0429

The issue of the 7,500,000 options was approved by shareholders on 19 June 2014 and accounted for at the effective date of the merger, being 5 August 2014.

#### Valuation of 6,983,940 share options granted on 15 October 2014

The following table lists the inputs to the model used for valuation of the unlisted options:

Item	Inputs
Volatility (%) (see below)	60%
Risk-free interest rate (%) – range	2.86%
Expected life of option (years)	5
Exercise price per terms & conditions	\$0.20
Underlying security spot price	\$0.32
Valuation date	15 October 2014
Expiry date	15 October 2019
Valuation per option	\$0.2065

#### Valuation of 399,947 share options granted on 16 October 2014

The following table lists the inputs to the model used for valuation of the unlisted options:

Item	Inputs
Volatility (%) (see below)	60%
Risk-free interest rate (%) – range	2.75%
Expected life of option (years)	5
Exercise price per terms & conditions	\$0.363
Underlying security spot price	\$0.330
Valuation date	16 October 2014
Expiry date	15 October 2019
Valuation per option	\$0.1677

### Valuation of 600,000 share options granted on 27 November 2014

The following table lists the inputs to the model used for valuation of the unlisted options:

Item	Inputs
Volatility (%) (see below)	60%
Risk-free interest rate (%) – range	2.63%
Expected life of option (years)	5
Exercise price per terms & conditions	\$0.40
Underlying security spot price	\$0.39
Valuation date	27 November 2014
Expiry date	30 November 2019
Valuation per option	\$0.2047

### Valuation of 2,600,000 share options granted on 23 December 2014

Item	Inputs
Volatility (%) (see below)	60%
Risk-free interest rate (%) – range	2.38%
Expected life of option (years)	4
Exercise price per terms & conditions	\$0.70
Underlying security spot price	\$0.69
Valuation date	23 December 2014
Expiry date	31 December 2018
Valuation per option	\$0.3277

Expected volatility is a measure of the amount by which a price is expected to fluctuate during a period. The measure of volatility used in option pricing models is the annualised standard deviation of the continuously compounded rates of return on the share over a period of time. We do not consider historical volatility to be representative of their future volatility due to the significant change in business of migme Limited.

### Summary Of Options Issued

The Company has the following 18,083,877 unquoted options to acquire unissued ordinary shares on issue:

- 7,500,000 options each exercisable at \$0.20 and expiring 31 July 2017;
- 6,983,940 options each exercisable at \$0.20 and expiring 15 October 2019;
- 399,947 options each exercisable at \$0.363 and expiring 15 October 2019;
- 600,000 options each exercisable at \$0.40 and expiring 30 November 2019; and
- 2,600,000 options each exercisable at \$0.70 and expiring 31 December 2018.

The following table sets out details of those outstanding unquoted options over unissued ordinary shares and their weighted average exercise price ('WAEP').

	31 December 2014		31 December 2013	
	Number	WAEP	Number	WAEP
Balance at the beginning of the year	-	-	-	-
Granted during the year	18,083,877	\$0.28	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
<b>Outstanding at the end of the year</b>	<b>18,083,877</b>	<b>\$0.28</b>	<b>-</b>	<b>-</b>
Exercisable at the end of the year	1,349,998		-	-

## Valuation of 1,092,519 share options granted by Project Goth, Inc. prior to 5 August 2014

The following table lists the inputs to the model used for valuation of the unlisted options:

Item	Inputs
Volatility (%) (see below)	50%
Risk-free interest rate (%) – range	2.50%
Expected life of option (years)	10
Exercise price per terms & conditions	\$0.0409
Underlying security spot price	\$0.0246
Valuation date	Various dates from 19 February 2014 to 31 May 2015
Expiry date	10 years from grant date
Valuation per option	\$0.019

The following table sets out details of Project Goth, Inc. options and their weighted average exercise price ('WAEP').

	31 December 2014		31 December 2013	
	Number	WAEP	Number	WAEP
Balance at the beginning of the year	8,725,444	0.34	9,348,339	0.39
Granted during the year	1,092,519	0.04	1,716,788	0.04
Forfeited during the year	(380,382)	0.04	(2,319,055)	0.34
Exercised during the year	(231,827)	0.04	(20,628)	0.04
Options were migme Limited shares have been issued to trust	(9,205,754)	N/A	N/A	N/A
<b>Outstanding at the end of the year</b>	<b>-</b>	<b>0.00</b>	<b>8,725,444</b>	<b>0.34</b>

## Share Trust

The total merger consideration consisted of 147,001,367 ordinary shares, of which 10,282,861 shares were issued to a trustee for the purpose of enabling employees to exercise their Project Goth, Inc. options into migme Limited shares. As of 31 December 2014, there were 10,189,479 ordinary shares registered in the trust for future exercises of Project Goth, Inc. options.

## Employee and Directors Shares

As part of the merger, of the 147,001,367 ordinary shares migme Limited issued, 9,889,004 ordinary shares were issued to employees and directors of Project Goth, Inc. to align their interests with the interests of migme Limited's shareholders. The shares issued to directors vest at the end of 24 months. The employee's shares vest on a quarterly basis and are contingent upon continued employment or service to migme Limited. Upon termination of the employment or service, any unvested ordinary shares are transferred to a share trust. The total of \$490,312 was recognised as a share-based payment expense in 2014.

## 18. Accumulated Losses

	Consolidated	
	2014 \$	2013 \$
Balance at beginning of year	(52,578,413)	(47,920,057)
Loss for the year	(28,628,579)	(4,658,356)
<b>Balance at end of year</b>	<b>(81,206,992)</b>	<b>(52,578,413)</b>

## 19. Earnings Per Share

Basic earnings/(loss) per share is calculated as net profit/(loss) attributable to members of the parent by weighted average number of ordinary shares during the financial year.

Diluted earnings/(loss) per share is calculated as above with an adjustment for the weighted number of ordinary shares that would be issued on conversion of all dilutive ordinary shares.

Basic and dilutive earnings/(loss) per share are calculated as follows:

	Consolidated	
	2014 \$	2013 \$
Profit/(loss) attributable to members of the Group	(28,628,579)	(4,658,356)
	Shares	Shares
Weighted average number of ordinary shares for basic earnings per share	135,418,967	43,452,960
Effect of dilution	-	-
Weighted number of ordinary shares adjusted for dilution	135,418,967	43,452,960
	Cents	Cents
<b>Earnings/(loss) per share:</b>		
Basic for loss for the year attributable to ordinary members of the parent	(0.21)	(0.11)
Diluted for loss for the year attributable to ordinary members of the parent	(0.21)	(0.11)

## 20. Financial Risk Management Objectives and Policies

migme Limited's principal financial instruments comprise of receivables, payables and cash. migme Limited does not use derivative financial instruments such as foreign exchange contracts and interest rate swaps to hedge risk exposures.

The main risks arising from migme Limited's financial instruments are:

- Market risk (including foreign currency risk);
- Liquidity risk;
- Interest rate risk; and
- Credit risk.

migme Limited uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of receivables, assessment of market forecasts for exchange rates and monitoring future rolling cash flow forecasts.

### Market Risk

#### USD Foreign Currency

The key risk migme Limited is exposed to is the movement in the exchange rate of the US dollar (USD). Detailed below are the balances where the principal currency is USD:

	Consolidated As At 31 December 2014	Strengthening Of USD Exchange Rate By +5%	Weakening Of USD Exchange Rate By -5%
Cash and cash equivalent held in USD bank accounts	\$5,517,272	\$275,864	(\$275,864)
Convertible notes	\$434,867	\$21,743	(\$21,743)
Available for sale securities – Tier 1	\$34,385	\$1,719	(\$1,719)

The Group undertakes transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise. Exchange rate exposures are managed by generally holding funds in United States and Australian dollars and only remitting funds to foreign subsidiaries as needed to reduce the foreign currency exposure.

The Group has foreign subsidiary companies with functional currencies that differs to the presentation currency of the Group. The financial statements of the foreign subsidiaries are required to be translated from the functional currency to the presentation currency of the Group, being Australian dollars. Any movement in exchange rates will affect the carrying values of the Group's assets and liabilities where the financial statements of the subsidiary companies are denominated in a currency other than Australian dollars.

### Liquidity Risk

migme Limited aims to maintain the level of its cash and cash equivalents at an amount to meet its financial obligations.

The following are the contractual maturities of financial liabilities:

	Carrying amount \$	Contractual cash flows \$	< 3 months \$	3-12 months \$	1-2 years \$	2-5 years \$	5 years \$
<b>As at 31 December 2014</b>							
Trade payables	1,351,867	1,351,867	1,300,515	51,352	-	-	-
<b>Total</b>	<b>1,351,867</b>	<b>1,351,867</b>	<b>1,300,515</b>	<b>51,352</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>As at 31 December 2013</b>							
Trade payables	2,286,719	2,286,719	1,608,395	678,324	-	-	-
<b>Total</b>	<b>2,286,719</b>	<b>2,286,719</b>	<b>1,608,395</b>	<b>678,324</b>	<b>-</b>	<b>-</b>	<b>-</b>

### Interest Rate Risk

migme Limited's exposure to interest rate risk is the risk that a financial instrument's value will fluctuate as a result of changes in the interest rates. migme Limited does not have a formal policy in place to mitigate such risk.

The following table summarises the interest rate risk for migme Limited, together with the effective interest rates as at the balance date.

Interest Rate Risk	Floating Interest Rate \$	Fixed Interest Rate Maturing in			Non-Interest Bearing \$	Total \$	Weighted Average Interest Rate	
		< 1 year \$	1 to 5 years \$	> 5 years \$			Floating %	Fixed %
As at 31 December 2014								
<u>Financial Assets</u>								
Cash & cash equivalents	3,944,894	-	-	-	1,981,196	5,926,090	0.15	-
Other receivables	-	-	-	-	57,489	57,489	-	-
Available for sale securities	-	-	-	-	34,385	34,385	-	-
Convertible notes receivable	-	434,867	-	-	-	434,867	-	6.00
Deposits	-	-	-	-	110,340	110,341	-	-
<u>Financial Liabilities</u>								
Trade & other payables	-	-	-	-	1,351,867	1,351,867	-	-
As at 31 December 2013								
<u>Financial Assets</u>								
Cash & cash equivalents	-	-	-	-	374,169	374,169	-	-
Other receivables	-	-	-	-	51,148	51,148	-	-
Deposit	-	-	-	-	87,684	87,684	-	-
<u>Financial Liabilities</u>								
Trade & other payables	-	-	-	-	2,286,734	2,286,734	-	-
Convertible notes payable	-	2,986,589	-	-	-	2,986,589	-	6.00



## Credit Risk

migme Limited's risk is minimal due to the low level of receivables as migme Limited's business is a prepaid business model.

## 21. Commitments and Contingencies

	Consolidated	
	2014 \$	2013 \$
<b>Commitments</b>		
Non-cancellable operating lease commitments		
Not later than 1 year	352,564	106,612
Later than 1 year and not later than 5 years	215,894	9,278
Later than 5 years	-	-
<b>Total</b>	<b>568,458</b>	<b>115,890</b>

There are no guarantees issued by migme Limited as at 31 December 2014.

The group is not aware of any contingent liabilities as at 31 December 2014.

## 22. Events After Balance Sheet Date

On 21 January 2015, the Company announced the acquisition of online entertainment shopping site [www.sold.sg](http://www.sold.sg) ("Sold.sg"). Sold.sg was re-launched in February 2015 is being progressively integrated with the migme platform and expanded into key markets.

There has been no other matter or circumstance that has arisen since 31 December 2014 which has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in subsequent financial years.

## 23. Parent Entity Information

The accounting policies of the parent entity, which have been applied in determining the financial information shown below, are the same as those applied in the consolidated financial statements. Refer to Note 2 for a summary of the significant accounting policies relating to migme Limited.

### a) Summary of Financial Position

	Consolidated	
	31 Dec 2014 \$	30 June 2014 \$
<b>Financial Position</b>		
<b>ASSETS</b>		
Current assets	9,319,840	9,860,764
Non-current assets	30,348,376	532,903
<b>Total Assets</b>	<b>39,668,216</b>	<b>10,393,667</b>
<b>LIABILITIES</b>		
Current liabilities	441,941	458,049
Non-current liabilities	-	-
<b>Total Liabilities</b>	<b>441,941</b>	<b>458,049</b>
<b>EQUITY</b>		
Contributed equity	50,284,373	20,884,103
Share based payment reserve	1,174,004	317,877
Accumulated losses	(12,232,102)	(11,266,362)
<b>Total Equity</b>	<b>39,226,275</b>	<b>9,935,618</b>
<b>Financial performance for the period ended 31 December 2014</b>		
Loss for the period and other comprehensive income/(loss)	(965,740)	(1,019,804)
<b>Total comprehensive loss</b>	<b>(965,740)</b>	<b>(1,019,804)</b>

### b) Commitments and Contingent Liabilities Of The Parent Entity

The parent entity did not have any contingent liabilities as at 31 December 2014.

The parent entity has a commitment of \$6,250 for rental of premises as at 31 December 2014.

### c) Guarantees Entered Into by the Parent Entity

There were no guarantees entered into by the parent entity.

## 24. Subsidiaries

The consolidated financial statements include the financial statements of migme Limited as the ultimate legal parent and the subsidiaries listed in the following table:

Name of Subsidiary	Country of Incorporation	Functional Currency	Equity Interest	
			31 December 2014	31 December 2013
M3H Pte Ltd	Singapore	SGD	100%	0%
Mig33 Pte Ltd	Singapore	SGD	100%	0%
LoveBytes Pte Ltd	Singapore	SGD	100%	0%
Migme Taiwan Ltd	Taiwan	TWD	100%	0%
Project Goth, Inc.	USA	USD	100%	0%
Project Goth Sdn Bhd	Malaysia	MYR	100%	0%
New Sense Enterprises Ltd	Hong Kong	HKD	100%	0%
Project Goth India Pvt Ltd	India	INR	100%	0%
Eva Advisors Pty Ltd	South Africa	ZAR	100%	0%
Project Goth Pty Ltd	Australia	AUD	100%	0%
Westmag Resources Ltd	Bahamas	USD	100%	100%

### a) Acquisition of Controlled Entity (Project Goth, Inc.)

On 5 August 2014, migme Limited, formerly Latin Gold Limited (the Legal Parent and Legal Acquirer), completed a merger with the acquisition of Project Goth, Inc. and subsidiaries (Project Goth, Inc. and the Legal Acquiree) through the issue of 147,001,367 shares in migme Limited.

In accordance with "AASB 3: Business Combination", the merger was recorded under the reverse acquisition principals which resulted in the Legal Parent being accounted for as the subsidiary, while the Legal Acquiree, being accounted for as the parent. Under the reverse acquisition principals, the consideration provided by Project Goth, Inc. was determined to be \$12,926,115, which was the fair value of the 64,630,647 shares owned by the former Latin Gold Limited shareholders at the completion of the merger.

The excess of fair value of the shares owned by the former Latin Gold Limited shareholders and the fair value of the identifiable net assets of migme Limited immediately prior to the completion of the merger is accounted for under "AASB 2: Share-based Payment" and resulted in the recognition of \$10,841,177 being recorded as "Corporate Transaction Accounting Expense". The net assets of migme Limited were recorded at fair value at the completion of the merger. No adjustments were required to the historical book values.

### Consideration

	5 August 2014 \$
Fair value of migme Limited	
Fair value of ordinary shares on issue in migme Limited on 5 August 2014 prior to the acquisition	12,926,115
Total value of consideration	12,926,115

## Fair Value of Acquired Net Assets

The fair value of acquired net assets and the resulting expense are as follows:

	5 August 2014 \$
<b>Identifiable assets acquired</b>	
Cash and cash equivalents	1,746,108
Other non-current assets	688,521
Equipment	2,118
Current liabilities	(351,809)
<b>Net assets acquired</b>	<b>2,084,938</b>
Consideration paid	12,926,115
<b>Expense recognised on acquisition</b>	<b>(10,841,177)</b>

The net cash flow arising as a result of the acquisition was a cash inflow of \$9,746,108, which includes funds received of \$8,000,000 for the share placement to Big Build Enterprises Limited.

## b) Acquisition of New Sense Limited

On 21 February 2014, Project Goth, Inc. acquired New Sense Limited. Total consideration paid was \$27,658 (US \$25,000) and shares in Project Goth, Inc. to the value of \$553,150 (US \$500,000).

Details of the acquisition are as follows:

	\$
Cash paid	27,658
Shares issued	553,150
Total Consideration Paid	580,808
Less: fair value of identifiable assets acquired	(4,856)
<b>Goodwill</b>	<b>575,952</b>

As a result of impairment testing, goodwill of \$575,952 was written off in the year ended 31 December 2014.

The assets and liabilities arising from this acquisition are as follows:

	\$
Cash and cash equivalents	1,001
Other assets	3,855
<b>Net Assets</b>	<b>4,856</b>

Purchase consideration – the inflow/(outflow) of cash to acquire the entity, net of cash acquired:

	\$
Cash balance acquired	1,001
Less: cash paid	(27,658)
<b>Net inflow/(outflow) of cash</b>	<b>(26,657)</b>

c) **Acquisition of LoveBytes Pte Limited**

On 16 October 2014, migme Limited acquired LoveBytes Pte Limited. Total consideration paid was \$57,195 and shares in migme Limited to the value of \$275,132.

Details of acquisition are as follows:

	\$
Cash paid	57,195
Shares issued	275,132
Total Consideration Paid	332,327
Less: fair value of identifiable assets acquired	(31,379)
<b>Goodwill</b>	<b>300,948</b>

As a result of impairment testing, the goodwill of \$300,948 has been written off in the year ended 31 December 2014.

The assets and liabilities arising from this acquisition are as follows:

	\$
Cash and cash equivalents	29,155
Equipment	7,214
Payables	(4,990)
<b>Net Assets</b>	<b>31,379</b>

Purchase consideration – the inflow/(outflow) of cash to acquire the entity, net of cash acquired:

	\$
Cash balance acquired	29,155
Less: cash payable	(57,195)
<b>Net inflow/(outflow) of cash</b>	<b>(28,040)</b>

d) **Acquisition of Convertible Notes**

As part of the merger, migme Limited acquired all convertible notes outstanding of Project Goth, Inc. and M3H Pte Ltd. The total face value of the convertible notes was \$9,561,063. The consideration provided by migme Limited to purchase the convertible notes from the note holders was the issuance of shares in migme Limited with a fair value of \$10,299,766, which resulted in a recognised loss of \$738,703.

## 25. Director and Executive Disclosures

### a) Directors and Executives

The names and positions held by key management personnel in office at any time during the year are as follows:

Mr. Howard Dawson	Chairman
Mr. Steven Goh	Executive Director & CEO (appointed on 8 August 2014)
Mr. Yen Chang (Charles) Pan	Executive Director (appointed on 8 August 2014)
Mr. Dmitry Levit	Non-Executive Director (appointed on 8 August 2014)
Mr. Andi Zain	Non-Executive Director (appointed on 8 August 2014)
Mr. John Lee	Non-Executive Director (appointed on 8 August 2014)
Dr. Yichin Lee	Non-Executive Director (appointed on 8 August 2014)
Mr. John Macdonald	Non-Executive Director (resigned on 8 August 2014)
Mr. Jim Malone	Non-Executive Director (resigned on 28 January 2014)
Mr. Stephen Llanwarne	Non-Executive Director (appointed on 2 October 2014)
Ms. Chieh Suang Khor (alternate Director to Mr Dmitry Levit)	Non-Executive Director (appointed on 2 October 2014)
Mr. Michael Higginson	Company Secretary (resigned as a Director on 8 August 2014)
Mr. Patrick Wong	Chief Financial Officer (appointed on 8 August 2014)

### b) Remuneration of Directors and Key Management Personnel

	Consolidated	
	2014 \$	2013 \$
Short term	685,834	566,113
Share-based payments	3,300,194	-

The remuneration period for Directors and Key Management Personnel includes the full periods from Project Goth, Inc. and the partial period for migme Limited (formerly Latin Gold Limited) from 5 August 2014 (being the date of acquisition) to 31 December 2014.

### c) Shares: Issued During the Year

The number of ordinary shares in migme Limited issued during the year ended 31 December 2014 to Directors or Director related entities and executives are as set out in the table below:

	Shares issued during the year ended 31 December 2014
Mr. Goh	20,244,238
Mr. Levit	11,240,174
Mr. Zain	2,116,231
Mr. J Lee	2,899,304
Mr. Llanwarne	662,206
Mr. Wong	1,989,718

d) **Remuneration Options: Granted and Vested During The Year**

The number of migme Limited options granted to Directors or Director related entities during the year ended 31 December 2014 are as follows:

	Options granted for the year ended 31 December 2014	Options vested during the year ended 31 December 2014
Mr. Dawson	200,000	16,666
Mr. Goh	7,500,000	-
Dr. Y Lee	200,000	16,666
Mr. Llanwarne	200,000	16,666

25. **Related Party Transactions**

a) **Wholly Owned Group – Intercompany Transactions and Outstanding Balances**

The parent entity and its controlled entities entered into the following transactions during the year within the wholly owned group:

- Loans were advanced and repayments received on loans and intercompany accounts; and
- Fees were exchanged between entities

b) **Ownership Interests in Related Entities**

Interests in controlled entities are set out in note 24.

c) **Expenses Paid to Related Entities**

During the financial year ended 31 December 2014, the following amounts were paid to the following related entities:

		Consolidated	
Entity	Nature of Transactions	2014 \$	2013 \$
Discovery Capital Limited	Rent of Perth offices and general office outgoings	10,764	-
Digital Media Partners Limited	Consulting fees	17,509	-
PT Numedia Interactive	Provision of rent and service fee of Indonesian office	21,742	18,560
<b>Total</b>		<b>50,015</b>	<b>18,560</b>

Discovery is a public unlisted company based in Australia. Messrs Dawson and Higginson are directors of Discovery. Discovery has the head lease on the Company's registered office and the payment made by migme Limited is for rent and outgoings recovery only.

Digital Media Partners Limited is a venture capital firm based in Singapore whom Mr Dmitry Levit is a partner of the firm.

PT Numedia Global is a company based in Indonesia that provides mobile and media services. Mr Andy Zain is a director of the company.

d) **M3H Pte Ltd**

The following pre-merger transactions took place in 2014 which were eliminated on consolidation upon the merger on 5 August 2014:

- Loan to Project Goth, Inc. – USD \$7,148,199 representing monies received by M3H Pte Ltd from the issuance of convertible notes; and
- Loan from migme Limited ("formerly Latin Gold Limited") – USD \$500,000.

27. Remuneration of Auditors

Consolidated		
	2014 \$	2013 \$
<b>Stantons International</b>		
Audit and review of financial statements	66,296	33,267
<b>Total remuneration of Stantons International</b>	<b>66,296</b>	<b>33,267</b>
<b>Other auditors</b>		
Audit and review of financial statements	15,722	-
Other services	20,000	-
<b>Total remuneration of other auditors</b>	<b>35,722</b>	<b>-</b>



## Directors' Declaration

1. In the opinion of the Directors:
  - (a) The consolidated financial statements and notes that are set out on pages 30 to 62 and the Directors' report, are in accordance with the Corporations Act 2001, including
    - i. Giving a true and fair view of the Group's financial position as at 31 December 2014 and of its performance, for the financial year ended on that date; and
    - ii. Complying with Australian Accounting Standards and the Corporations Regulations 2001; and
    - iii. There are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable
2. There are reasonable grounds to believe that the Company and the Group entities identified in Note 24 will be able to meet their obligations or liabilities;
3. The Directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Chief Executive Officer and the Chief Financial Officer for the year ended 31 December 2014;
4. The Directors draw attention to note 2(a) of the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

On behalf of the Directors



Steven Goh  
Chief Executive Officer  
31 March 2015

Stantons International Audit and Consulting Pty Ltd  
trading as

**Stantons International**  
Chartered Accountants and Consultants

PO Box 1908  
West Perth WA 6872  
Australia

Level 2, 1 Walker Avenue  
West Perth WA 6005  
Australia

Tel: +61 8 9481 3188

Fax: +61 8 9321 1204

ABN: 84 144 581 519

[www.stantons.com.au](http://www.stantons.com.au)

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF migme limited**

### **Report on the Financial Report**

We have audited the accompanying financial report of migme limited, which comprises the consolidated statement of financial position as at 31 December 2014, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

### *Directors' responsibility for the Financial Report*

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal controls as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In note 2(a), the directors also state, in accordance with Australian Accounting Standard AASB 101: *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

### *Auditor's responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Independence*

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

*Auditor's opinion*

In our opinion:

- (a) the financial report of migme limited is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report of the Company also complies with International Financial Reporting Standards as disclosed in note 2(a).

*Inherent Uncertainty Regarding Going Concern*

Without qualification to the audit opinion expressed above, attention is drawn to the following matter:

As referred to in note 2(b) to the financial statements, the financial statements have been prepared on a going concern basis. At 31 December 2014 the consolidated entity had cash and cash equivalents of \$5,926,090 and a net working capital surplus of \$4,946,359. The consolidated entity had incurred a net loss for the year ended 31 December 2014 of \$28,628,579 and had accumulated losses of \$81,206,992 at that date.

The ability of the consolidated entity to continue as a going concern and meet its planned expansion, operating costs, and other commitments is dependent upon the consolidated entity successfully exploiting its current business to generate sufficient cash flows through revenues and/or raising further capital. Should the consolidated entity be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different from those stated in the financial statements.

**Report on the Remuneration Report**

We have audited the remuneration report included in pages 17 to 27 of the directors' report for the year ended 31 December 2014. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.


*Auditor's opinion*

In our opinion the remuneration report of migme limited for the year ended 31 December 2014 complies with section 300 A of the *Corporations Act 2001*.

**STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD**

**(Trading as Stantons International)**

**(An Authorised Audit Company)**

*Stantons International Audit and Consulting Pty Ltd*  


**Samir Tirodkar**

Director

West Perth, Western Australia

31 March 2015

## Corporate Governance Statement

The Board of Directors of migme Limited is responsible for the corporate governance of the Company. The Board guides and monitors the business and affairs of the Company on behalf of the shareholders by whom they are elected and to whom they are accountable.

The Board recognises the need for the Company to operate with the highest standards of behaviour and accountability. The Company has adopted the ASX Corporate Governance Principles and Recommendations, with some amendments where applicable after giving consideration to the Company's size and the resources it has available.

A summary of the Company's key policies are set out below:

### Board Objectives

The Board is responsible for developing strategies for the Company, reviewing strategic objectives and monitoring the performance against those objectives. The overall goals of the corporate governance process are to:

- drive shareholder value;
- ensure a prudential and ethical base to the Company's conduct and activities; and
- ensure compliance with the Company's legal and regulatory obligations
- There are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable

Consistent with these goals, the Board assumes the following responsibilities:

- developing initiatives for profit and asset growth;
- reviewing the corporate, commercial and financial performance of the Company on a regular basis;
- acting on behalf of and being accountable to shareholders;
- identifying business risks and implementing actions to manage and mitigate those risks; and
- developing and effecting management and corporate systems to assure quality

The Company is committed to timely circulation of relevant materials to Directors to facilitate Directors' participation in Board discussions on a fully informed basis.

### Composition of the Board

The composition of the Board is determined in accordance with the following principles and guidelines:

- the Board should comprise of at least three Directors;
- the Board should comprise of Directors with appropriate range of qualifications and expertise; and
- the Board shall meet at regular intervals and follow meeting guidelines set down to ensure all Directors are made aware of and have all necessary information available to participate in an informed discussion on all agenda items.
- The Board accepts the ASX Corporate Governance Council's definition of an Independent Director

There are procedures in place, as agreed by the Board, to enable Directors to seek independent professional advice on issues arising in the course of their duties at the Company's expense.

The term in office held by each Director in office at the date of this report is as follows:

• Mr. Howard Dawson	10 years and 3 months
• Mr. Steven Goh	8 months
• Mr. Yen Chang (Charles) Pan	8 months
• Mr. Dmitry Levit	8 months
• Mr. Andi Zain	8 months
• Mr. John Lee	8 months
• Dr. Yichin Lee	8 months
• Mr. Stephen Llanwarne	6 months
• Ms. Chieh Suang Khor (alternate Director to Mr Dmitry Levit)	6 months

### **Nomination Committee**

The Company does not have a formal nomination committee. The full Board attends to the matters normally attended to by a nomination committee. Given the recent changes to the Board, it is felt that this committee is not yet warranted, however, it is expected that as the Company's operations expand that this committee will be established.

### **Nomination Arrangements**

When a vacancy exists, through whatever cause, or where it is considered that the Board would benefit from the service of a new Director with particular skills, the Board selects a candidate or panel of candidates with the appropriate expertise.

The Board then appoints the most suitable candidate, who must stand for election at the next general meeting of shareholders.

### **Remuneration Committee**

The remuneration committee consists of Mr John Lee (Chairman), Mr Andi Zain and Dr Yichin Lee.

Remuneration levels are set by the Company in accordance with industry standards to attract suitable qualified and experienced Directors and senior executives.

### **Remuneration Arrangements**

It is the Company's objective to provide maximum stakeholder benefit from the retention of a high quality Board by remunerating Directors fairly and appropriately with reference to relevant employment market conditions. To assist in achieving the objective, the remuneration committee links the nature and amount of executive Directors' emoluments to the Company's financial and operational performance. The expected outcomes of this remuneration structure are:

- retention and motivation of Directors; and
- performance rewards to allow Directors to share the rewards of the success of the Company.

The remuneration of an executive Director will be decided by the remuneration committee as a whole. In determining competitive remuneration rates, the remuneration committee reviews local and international trends among comparative companies and the industry generally.

The maximum remuneration of Non-Executive Directors is subject to shareholders' resolution in accordance with the Company's Constitution and the Corporations Act. The allocation of Non-Executive Director remuneration, within the amount determined by shareholders, will be made by the remuneration committee with consideration to the inputs and value to the Company and the respective contribution made by each Non-Executive Director.

The remuneration committee may award additional remuneration to Non-Executive Directors if they are called upon to perform extra services or make special exertions on behalf of the Company.

There is no scheme to provide retirement benefits, other than statutory requirements.

All remuneration paid to Directors and executives are valued at cost to the Company and is expensed. Options issued are valued using the Black-Scholes methodology.



## **Audit Committee**

The shareholders in a general meeting are responsible for the appointment of the external auditors of the Company and the Board, from time to time, will review the scope, performance and fees of those external auditors.

The Board has established an audit committee which operates under a Charter of the Board. It is the Board's responsibility to ensure that an effective internal control framework exists within the Company. This includes both internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records and the reliability of financial and non financial information. The Board has delegated the responsibility for the establishment and maintenance of a framework of internal control of the Company to the audit committee.

The members of the audit committee at the end of the year and date of this report are:

- Dmitry Levit (Chairman)
- Howard Dawson;
- Michael Higginson; and
- Stephen Llanwarne

## **Board Responsibilities**

As the Board acts on behalf of and is accountable to shareholders, it seeks to identify the expectations of shareholders, as well as other regulatory and ethical expectations and obligations. In addition, the Board is responsible for identifying areas of significant business risk and ensuring arrangements are in place to adequately manage and mitigate those risks.

The responsibility for the operation and administration of the Company is currently attended to by the Board.

The Board is responsible for ensuring that management's objectives and activities are aligned with the expectations and risks identified by the Board. It has a number of mechanisms in place to ensure this is achieved, including the following:

Board approval of a strategic plan, designed to meet shareholder needs and manage business risk;

- implementation of operating plans and budgets by management and Board monitoring progress against those plans and budgets; and
- procedures to allow Directors, in the furtherance of their duties, to seek independent professional advice at the Company's expense.

## **Monitoring of the Board's Performance**

In order to ensure that the Board continues to discharge its responsibilities in an appropriate manner, the performance of all Directors are reviewed annually by the Chairman. Directors whose performance is unsatisfactory will be asked to retire.

## **Identification and Management of Risk**

The Board's collective experience enables accurate identification of the principal risks which may affect the Company's business. Management of these risks is discussed by the Board at least once a year during strategic planning meetings. In addition, key operational risks and their management are a recurring item for deliberation at Board meetings.

The Board is ultimately responsible for deciding the nature and extent of the risks it is prepared to take to meet its objectives.

To assist the Board in overseeing its risk management framework and to satisfy the Board that the framework is sound, the Board has established a risk committee which comprises the following members:

- Howard Dawson (Chairman);
- Dmitry Levit;
- Stephen Llanwarne; and
- Michael Higginson.

## **Ethical Standards**

The Board is committed to the establishment and maintenance of appropriate ethical standards to underpin the Company's operations and corporate practices.

## **Management of the Board**

The Board will hold scheduled meetings on a monthly basis and any additional meetings at such time as may be necessary to address specific matters that may arise. In between meetings, decisions may be adopted by way of written resolution.

## **Chairman**

The Chairman is responsible for leading the Board, ensuring Directors are properly briefed in all matters relevant to their role and responsibilities, facilitating Board discussions and managing the Board's relationship with its committees.

## **Environment**

The Company aims to ensure that the highest standard of environmental care is achieved and that it complies with all relevant environmental legislation.

## **Business Risk**

The Board monitors areas of operational and financial risk and considers strategies for appropriate risk management and mitigation.

Where necessary, the Board will draw on the expertise of appropriate external consultants to assist in dealing with or mitigating areas of risk which are identified.

The Board is responsible for ensuring there are adequate policies in relation to risk management, compliance and internal control systems. The Company's policies are designed to ensure strategic, operational, legal, reputation and financial risks are identified, assessed, effectively and efficiently managed and monitored to enable achievement of the Company's business objectives.

Control procedures cover management accounting, financial reporting, project appraisal, environment, IT security, compliance and other risk management issues.

## **Shareholders**

The Board aims to ensure that shareholders are, at all times, fully informed in accordance with the spirit and letter of the Australian Securities Exchange's continuous disclosure requirements.

Publicly released documents are made available on the Company's web site at <http://company.mig.me>.

The Board encourages full participation of shareholders at the Annual General Meeting to ensure a high level of accountability and identification with the Company's strategies and goals. Important issues are presented to the shareholders as single resolution.

Shareholders are requested to vote on the appointment and aggregate remuneration of Directors, the granting of options and shares to Directors and changes to the Constitution. Copies of the Company's Constitution are available to any shareholder who requests it.

This Corporate Governance Statement sets out migme Limited current compliance with the ASX Corporate Governance Council's Principles of Good Corporate Governance and Best Practice Recommendations (Best Practice Recommendations). The Best Practice Recommendations are not mandatory, however, the Company is required to provide a statement in its annual report disclosing the extent to which the Company has followed the Best Practice Recommendations and the reasons for departure (if any).

## Diversity

The Board considers that the Company is currently not of a size to justify implementing a Diversity Policy.

The proportion of women within the whole organisation is as follows:

Details	Male	Female	Total	% Female
Directors	8	1	9	11%
Executives	1	-	1	-
Other	84	65	149	44%
<b>Total</b>	<b>93</b>	<b>66</b>	<b>159</b>	<b>42%</b>

The Board acknowledges the level of female participation. The Board has determined that the composition of the current Board represents the best mix of Directors that have an appropriate range of qualifications and expertise, can understand and competently deal with current and emerging business issues and can effectively review and challenge the performance of management.

The Board seeks to appoint Directors with a suitable skill set for the operations and geographic regions in which the Company operates. Appointments are considered without discriminating against any potential director on the basis of gender, age ethnicity, culture or on any other basis.

	BEST PRACTICE RECOMMENDATION	COMMENT
<b>1</b>	<b>Lay solid foundations for management and oversight</b>	
1.1	Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	<p>The Company's Corporate Governance Policies include a Board Charter, which discloses the specific responsibilities of the Board and those delegated to senior executives.</p> <p>The Board has delegated responsibility for the day-to-day operations and administration of the Company to the Chief Executive Officer.</p>
1.2	Companies should disclose the process for evaluating the performance of senior executives.	<p>The Company's Corporate Governance Policies include a section on performance evaluation practices adopted by the Company.</p> <p>The chair will monitor the Board and the Board will monitor the performance of any senior executives who are not Directors, including measuring actual performance against planned performance.</p>
1.3	Companies should provide the information indicated in the Guide to reporting on Principle 1.	<p>Explanation of departures from Recommendations 1.1 and 1.2 (if any) are set out above. The Company will provide an explanation of any departures from Recommendations 1.1 and 1.2 (if any) in its future Annual Reports.</p> <p>No performance evaluation of senior executives has taken place to date. This process will be conducted annually. Future Annual Reports will disclose whether such a performance evaluation has taken place in the relevant reporting period and whether it was in accordance with the process disclosed.</p>



2	Structure the board to add value	
2.1	A majority of the board should be independent Directors.	<p>An independent director is one who is independent from management and free from any business or other relationship that could, or could reasonably be perceived to materially interfere with the exercise of independent judgement.</p> <p>In accordance with this definition, the Board consists of six independent Non-Executive Directors.</p>
2.2	The chair should be an independent Director.	The Chairman, Mr Dawson, is independent.
2.3	The roles of chair and chief executive officer should not be exercised by the same individual.	The Chairman is Mr Dawson and the Chief Executive Officer is Mr Steven Goh.
2.4	The board should establish a nomination committee.	No formal nomination committee has been adopted by the Company. Where necessary, the Board seeks advice of external advisers in connection with the suitability of applicants for Board membership.
2.5	Companies should disclose the process for evaluating the performance of the board, its committees and individual Directors.	<p>The Company's Corporate Governance Policies include a section on Performance Evaluation Practices adopted by the Company. The performance of the Board and individual Directors are evaluated in accordance with the Performance Evaluation Practices.</p> <p>The Chairman reviews the composition of the Board, its committees and the performance of each Director on an ongoing basis to ensure that it continues to have a mix of skills and experience necessary for the conduct of the Company's activities. The Chairman's performance is reviewed by the other Board members. A new Director will receive an induction appropriate to his or her experience.</p> <p>The Company will establish throughout the year firm guidelines to identify the measurable and qualitative indicators of the Director's performance during the course of the year.</p>
2.6	Companies should provide the information indicated in the Guide to reporting on Principle 2.	<p>The Company provides details of each Director, such as their skills, experience and expertise relevant to their position, together with an explanation of any departures (if any) from best practice recommendations 2.1, 2.2, 2.3, 2.4 and 2.5 in annual reports.</p> <p>A description of the skills and experience of each Director and their period in office is contained within this Annual Report.</p> <p>Messrs Dawson, Zain, Levit, J Lee, Llanwarne and Y Lee are considered to be independent as they are not substantial shareholders, are not employed by the Company, have not within the last 3 years been a principal of a material professional advisor or a material consultant to the Company, are not material suppliers to the Company or associated with a material supplier and they have no material contractual relationship with the Company.</p> <p>The Company has a procedure in place that enables Directors to take independent professional advice at the expense of the Company.</p> <p>No nomination committee has been established. The Board, as a whole, currently serves as a nomination committee. Given the recent changes to the composition of the Board, it is felt that this committee is not yet warranted.</p> <p>An evaluation of the Board, its committees and Directors (in accordance with the disclosed process) took place during the reporting period.</p> <p>A description of the procedure for the selection and appointment of new Directors and the re-election of incumbents is contained within the Board Charter which is maintained at the Company's website.</p>

3	Promote ethical and responsible decision-making	
3.1	<p>Companies should establish a code of conduct and disclose the code or a summary of the code as to:</p> <ul style="list-style-type: none"> <li>the practices necessary to maintain confidence in the company's integrity</li> <li>the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders</li> <li>the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.</li> </ul>	<p>The Company's Corporate Governance Policies includes a Diversity Policy. The Diversity Policy addresses equal opportunities in the hiring, training and career advancement of Directors, officers and employees. The Diversity Policy provides a framework for establishing measurable objectives to achieve the aims of its Diversity Policy, with particular focus on gender diversity within the Company and for the Board to assess annually both the objectives and the progress in achieving them.</p> <p>The Company is committed to ensuring a diverse mix of skills and talent exists amongst its Directors, officers and employees and is utilised to enhance the Company's performance.</p> <p>The Board is responsible for monitoring Company performance in meeting the Diversity Policy requirements, including the achievement of diversity objectives.</p>
3.2	Companies should establish a diversity policy.	The Chairman, Mr Dawson, is independent.
3.3	Companies should disclose in each Annual Report the measurable objective for achieving gender diversity.	Due to the current scale of the Company's operations and the limited number of employees, the Company has not yet set measurable objectives for achieving gender diversity.
3.4	Companies should disclose in each Annual Report the proportion of women employees in the whole organisation.	The Company discloses in each Annual Report the proportion of women employees in the whole organisation.
3.5	Companies should provide the information indicated in the Guide to reporting on Principle 3.	<p>The Company provides explanations of any departures from Recommendations 3.1, 3.2, 3.3 and 3.4 (if any) in its Annual Reports.</p> <p>The Company's Corporate Governance Policies, which includes the Code of Conduct and Diversity Policy, are posted on the Company's website.</p>

4	Safeguard integrity in financial reporting	
4.1	The board should establish an audit committee.	The Company has established an audit committee which consists of three Non-Executive Directors, who are independent, and the Company Secretary.
4.2	<p>The audit committee should be structured so that it:</p> <ul style="list-style-type: none"> <li>consists only of Non-Executive Directors</li> <li>consists of a majority of independent Directors</li> <li>is chaired by an independent chair, who is not chair of the board</li> <li>has at least three members.</li> </ul>	The audit committee consists only of Non-Executive Directors, who are independent, and the Company Secretary. It is chaired by Mr Levit, who is not chair of the Board.
4.3	The audit committee should have a formal charter.	The audit committee has adopted an audit committee charter.
4.4	Companies should provide the information indicated in the Guide to reporting on Principle 4.	<p>The names and qualifications of those appointed to the audit committee, their attendance at meetings and the number of meetings are set out in the Directors' Report.</p> <p>The audit committee charter is maintained in the Company's website.</p> <p>The Company will explain any departures (if any) from best practice recommendations 4.1, 4.2 and 4.3 in its annual report.</p>

<b>5</b>	<b>Make timely and balanced disclosure</b>	
5.1	Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	<p>The Company's Corporate Governance Policies include a Continuous Disclosure Policy, which is designed to ensure the compliance with the disclosure obligations under the Corporations Act and the ASX Listing Rules and to ensure accountability at a senior executive level for compliance and factual presentation of the Company's financial position.</p> <p>The Chairman, Chief Executive Officer and the Company Secretary are responsible for communications with the ASX. This role includes responsibility for ensuring compliance with the continuous disclosure requirements in the ASX Listing Rules and overseeing and co-ordinating information disclosure to the ASX, analysts, brokers, shareholders, the media and the public</p>
5.2	Companies should provide the information indicated in Guide to Reporting on Principle 5.	The Company will provide an explanation of any departures (if any) from best practice recommendation 5.1 in its annual reports.

<b>6</b>	<b>Respect the rights of shareholders</b>	
6.1	Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.	<p>The Company's Corporate Governance Policies include a Shareholders Communication Policy, which aims to ensure that the shareholders are informed of all major developments affecting the Company's state of affairs.</p> <p>The policy provides that information will be communicated to Shareholders through:</p> <ul style="list-style-type: none"> <li>• the Annual Report which is distributed to all Shareholders;</li> <li>• Half-Yearly Reports and all Australian Securities Exchange announcements which are posted on the Company's website;</li> <li>• the Annual General Meeting and other meetings so called to obtain approval for Board action as appropriate; and</li> <li>• compliance with the continuous disclosure requirements of the ASX Listing Rules.</li> </ul>
6.2	Companies should provide the information indicated in the Guide to reporting on Principle 6.	<p>The Company will provide an explanation of any departures (if any) from best practice recommendations 6.1 or 6.2 in its annual reports.</p> <p>The Corporate Governance Policies, which includes a Shareholders Communication Policy, are posted on the Company's website.</p>

7	Recognise and manage risk	
7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	<p>The Company's Corporate Governance Policies include a Risk Management Policy.</p> <p>The Board determines the Company's "risk profile" and is responsible for overseeing and approving risk management strategy and policies, internal compliance and internal control.</p> <p>The Board has established a risk committee that comprises Messrs Dawson (Chairman), Levit, Y Lee, Llanwarne and Higginson.</p> <p>The Company's risk management policy is maintained at the Company's website.</p>
7.2	The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	<p>The Company's Corporate Governance Policies include a Risk Management Policy.</p> <p>Risk oversight, management and internal control are dealt with on a continuous basis by management and the Board, with differing degrees of involvement from various Directors and management, depending upon the nature and materiality of the matter.</p> <p>Management and the Board's collective experience will enable accurate identification of the principal risks that may affect the Company's business. Key operational risks and their management will be recurring items for deliberation at Board Meetings.</p>
7.3	The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	<p>For each reporting period, the Board receives assurance from the chief financial officer that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.</p> <p>The audit committee, or the full Board of the Company, is also responsible for establishing policies on risk oversight and management.</p>
7.4	Companies should provide the information indicated in Guide to Reporting on Principle 7.	<p>The Board has received the report from management under Recommendation 7.2 and received assurance from the relevant personnel under Recommendation 7.3.</p> <p>The Company will provide an explanation of any departures (if any) from best practice recommendations 7.1, 7.2, 7.3 and 7.4 in its annual reports.</p>

8	Remunerate fairly and responsibly	
8.1	The board should establish a remuneration committee.	A formal remuneration committee has been established by the Company.
8.2	<p>The remuneration committee should be structured so that it;</p> <ul style="list-style-type: none"> <li>• consists of a majority of independent Directors</li> <li>• is chaired by an independent chair</li> <li>• has at least three members</li> </ul>	The remuneration committee is chaired by Mr John Lee and includes Messrs Zain and Yichin Lee (all of which are independent Directors).
8.3	Companies should clearly distinguish the structure of Non-Executive Directors' remuneration from that of executive Directors and senior executives.	<p>Executive Directors remuneration packages may comprise of:</p> <ul style="list-style-type: none"> <li>• fixed salary;</li> <li>• performance based bonuses;</li> <li>• participation in any share/option scheme; and</li> <li>• statutory superannuation.</li> </ul> <p>Non-Executive Directors receive fixed director's fees only, and do not participate in any performance-based remuneration. Non-Executive Directors are to be paid their fees out of the maximum aggregate amount approved by Shareholders for the remuneration of Non-Executive Directors.</p> <p>Remuneration of Non-Executive Directors is determined by the Board with reference to comparable industry levels and, specifically for directors' fees, within the maximum amount approved by Shareholders. There is no scheme to provide retirement benefits, other than statutory superannuation, to Non-Executive Directors.</p> <p>Full remuneration disclosure, including superannuation entitlements is provided by the Company in its Annual Reports.</p>
8.4	Companies should provide the information indicated in the Guide to reporting on Principle 8.	The Company provides an explanation of any departures (if any) from best practice recommendations 8.1, 8.2 and 8.3 in its annual reports.

## ASX Additional Information

This section contains additional information required by Australian Securities Exchange Limited listing rules and not disclosed elsewhere in this Annual Report.

Unless otherwise stated, the information provided is as of 20 April 2015.

### Distribution schedule of security holders

	Ordinary Shareholders	Options exercisable at \$0.20 and expiring 31 July 2017	Options exercisable at \$0.20 and expiring 15 Oct 2019	Options exercisable at \$0.363 and expiring 15 Oct 2019	Options exercisable at \$0.40 and expiring 30 Nov 2019	Options exercisable at \$0.70 and expiring 31 Dec 2018
1-1,000	100	-	1	-	-	-
1,001 - 5,000	308	-	-	-	-	-
5,001 - 10,000	146	-	-	-	-	-
10,001 - 100,000	351	-	17	-	-	-
100,001 and over	137	1	19	2	3	2
	1,042	1	37	2	3	2

### Holders of non-marketable parcels

There are 72 shareholders who hold less than a marketable parcel of ordinary shares.

## Twenty Largest Shareholders

The names of the twenty largest holders of ordinary shares are:

	Number of Shares Held	% Held
1. Big Build Enterprises Limited	50,074,756	19.87
2. Heracles Investments Group Limited	20,004,846	7.94
3. HSBC Custody Nominees (Australia) Limited	18,968,327	7.53
4. Smart Tailor Trading Limited	12,329,967	4.89
5. High Income International Limited	12,329,967	4.89
6. DMP-105 Ltd	11,240,174	4.46
7. Escomindo Pte Ltd	10,628,080	4.22
8. T Durden Pte Ltd	9,993,806	3.97
9. Sunshore Holdings Pty Ltd	9,784,066	3.88
10. National Nominees Limited	6,311,815	2.51
11. KTW Global Holdings Sdn Bhd	4,400,000	1.75
12. AT Growth Equities Sdn Bhd	4,126,961	1.64
13. Mohd Idris Bin Jais	3,200,000	1.27
14. John Lee	2,899,304	1.15
15. Andi Zain	2,116,231	0.84
16. Malcolm David Steinberg & Mr Adam Gregory Steinberg	2,084,444	0.83
17. JP Morgan Australia Limited	2,000,000	0.79
18. Ferdinand Azis	1,989,718	0.79
19. Patrick Wong	1,900,258	0.75
20. Andrew Robert Fausset Clarke	1,739,392	0.69
	<b>187,580,570</b>	<b>74.65</b>
Total ordinary shares quoted on ASX	193,946,257	
<b>Total ordinary shares on issue</b>	<b>251,995,933</b>	

## Restricted Securities

As at 20 April 2015, the Company has 65,056,647 Restricted Securities on issue.

### **Unquoted Equity Securities**

As at 20 April 2015, the Company has 57,556,647 unquoted ordinary shares on issue.

As at 20 April 2015, the Company has 18,083,887 ordinary shares not yet issued for unquoted options outstanding. Details of those unquoted options are as set out below:

- 7,500,000 options each exercisable at \$0.20 and expiring 31 July 2017;
- 6,983,940 options each exercisable at \$0.20 and expiring 15 October 2019;
- 399,947 options each exercisable at \$0.363 and expiring 15 October 2019;
- 600,000 options each exercisable at \$0.40 and expiring 30 November 2019; and
- 2,600,000 options each exercisable at \$0.70 and expiring 31 December 2018.

### **Substantial Shareholders**

Big Build Enterprises Limited has 50,074,756 fully paid ordinary shares representing 19.87% of the total fully paid ordinary shares on issue.

Steven Goh and his controlled entities have 20,244,238 fully paid ordinary shares representing 8.03% of the total fully paid ordinary shares on issue.

### **On-Market Buy-Back**

There is no current on-market buy-back.

### **Acquisition Of Voting Shares**

No issues of securities have been approved for the purposes of Item 7 of section 611 of the Corporations Act 2001.

### **Voting Rights**

Ordinary Shares — On a show of hands, every member present in person or by proxy shall have one vote and, upon a poll, each share shall have one vote per share.

### **Tax Status**

The Company is treated as a public company for taxation purposes.

### **Franking Credits**

The Company has nil franking credits.

### **Business Objectives**

The Company has used the cash and assets in a form readily convertible to cash that it had at the time of re-admission to the official list of ASX in a way consistent with its business objectives.

### **Other Stock Exchanges**

The Company's ordinary shares are quoted on the Deutsche Borse: WELA (WKN: A117AB).





